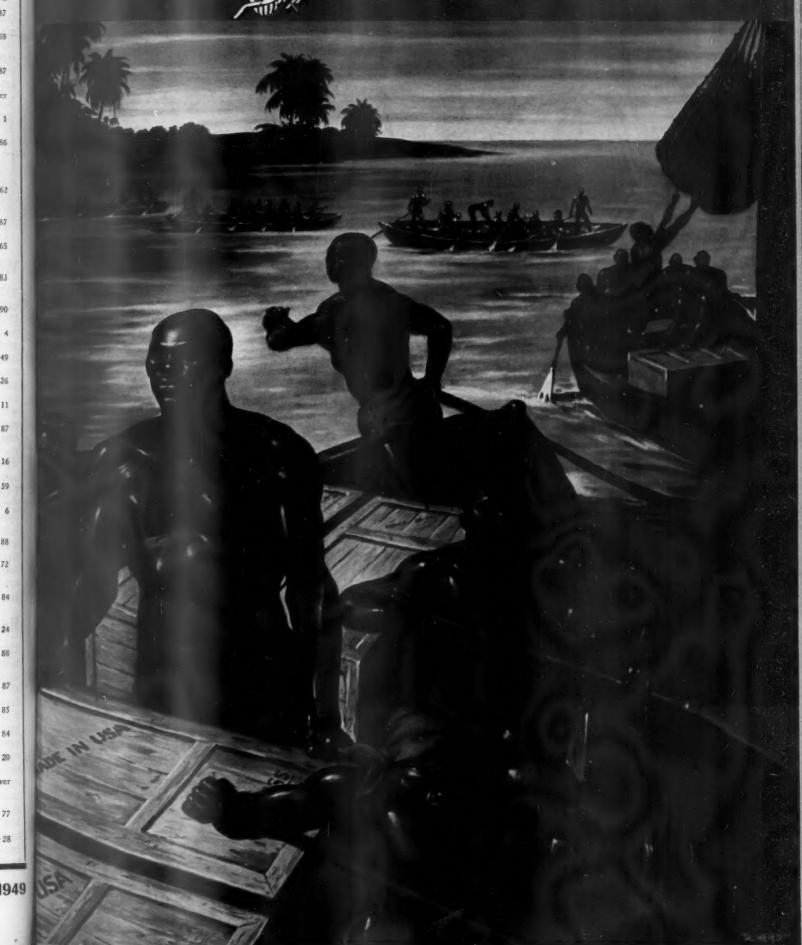
Nations

MAY-1949

BUSINESS



you can be sure .. if it's Westinghouse



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Elevators, we mean . . . automatic ones in Rockefeller Center, to be exact. Vertical transportation 70 stories high; 175 de luxe Westinghouse passenger cars making a daily combined "run" as far as from New York to Salt Lake City.

You have to be *sure*, in planning to move a city's population every day, as fast as 1400 feet a minute—up and down—and safely.

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One just overlooks how very good engineering, and design, and construction can be. But we like it that way. We've made it our business for people to be sure, if it's Westinghouse.



MAKER OF THE BROADEST LINE OF ELECTRICAL EQUIPMENT

Nation's



Business

PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

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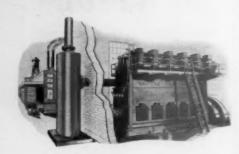
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HIS little piece on the centerboarders," CHARLES RAWLINGS told us, "marks one of those strange cycles that keep turning in a man's life. The first writing I ever did with a passion was about the very same thing. It was back in 1922 or 23 and the automobile had knocked yachting groggy. It was fun to 'tour' then. The fine old yacht clubs were sad places and those good hands who hated the smell of rubber and gasoline or who were too poor to buy cars were racing the little ships. Fourteen-foot dinghies were my love then. I reported their week-end racing for an upstate New York newspaper and discovered I could make them sail with my typewriter.

"'You can do that the rest of the season,' the city editor said. 'The sports department says people are reading the queer stuff.'

"I went on doing it from there—bigger vessels and bigger sports pages, of course. None of them held half as much joy as those first little ones."

FOR MOST of his journalistic career WILLIAM J. SLOCUM has been a man of action. At least much of his writing has had to do with this general subject. First there was a four year stint as a sports writer for the old morning New York American. This was followed by ten years of digging out news for the Columbia Broadcasting System in what amounted to a Cook's tour of North America and Europe. A couple of years ago he decided to stay put long enough to do some intensive writing and before long had turned out two bestsellers: "Reilly of the White House" and "The Tax Dodgers." Today, Slocum is free-lancing.

WOMEN seem to have invaded most of the more sacred male precincts. When AMY SELWYN started to write medical pieces for men's magazines, she played it smart and signed herself A. P. Selwyn. All went fine until she began to get letters asking more intimate questions. She promptly switched back to her given name. Now her only qualm is that she seems to develop the symptoms of every ailment she writes about.

IN ITS investigation of corporate profits last December, a subcommittee of the Joint Congressional



FABIAN BACHRACH

Committee on the Economic Report spent much time probing the subject of bigness. Because of the interest aroused by these hearings we asked Sen. RALPH FLANDERS of Vermont to write an article for us on

"Must We Curb Success?" We wanted his views, not only because he was chairman of the subcommittee and well aware of the political pressures against big business, but also because for many years he had held positions in industry in both large and medium-sized organizations. Before his election to the Senate in 1946, he had been president of Jones and Lamson Tool Company and the Federal Reserve Bank of Boston. Not the least of his qualifications is the fact that he has been a student of bigness in business for some time, having headed a study on that subject for the Twentieth Century Fund as far back as 1937.

OUR COVER painting is by ROBERT RIGGS, one of the few artists ever to win top awards for commercial and noncommercial work. Though he is well known for his lithographs on the circus—perhaps his favorite subject, Riggs is also a serious student of primitive art. As such, he was on familiar territory when the Congo River was chosen as the locale of this month's cover.

BITU

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THIS "Traffic Cop" KEEPS A MOUNTAIN MOVING



From his glassed-in tower above the receiving yard of a modern coal preparation plant, this mine train dispatcher keeps mountain-size tonnages of coal on the move. Through telephone lines to the mine's working areas and by radio communication with mine locomotives, he sends empty cars to be loaded, and locomotives to pick up loaded trains. The result is steady mining at the face and uninterrupted delivery of coal to the washing plant—as well as greater safety for all mine employees.

Getting maximum tonnage with maximum safety is the modern mine operator's goal. That's why the progressive coal industry is today carrying on a billion-dollar program for improving existing mines and opening new ones. Only through such forward-looking mechanization can America's mines provide more coal of better quality, coal whose ultimate cost to users represents *real* economy—in more heat per ton and more efficient return from modern coal-burning equipment.

Living Conditions of coal miners continue to keep pace with improvements in working conditions.

Today, almost two-thirds—more than 260,000 of the nation's bituminous coal miners—either rent from private landlords or own their own homes, and home ownership among miners generally is on the increase. This is good for men and companies alike. It gives to the miner the greater satisfaction and security that come with living in a "home of his own," and it frees mine management and capital for the big job of getting maximum coal production at the lowest possible cost.

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May flowers

THOUGH nature, without doubt, is "wonderful," a multimillion dollar industry is not satisfied to let March winds and April showers produce, unaided, the flowers of May.

There was a time when spring flower shows represented merely the choice blooms of garden clubs and estates with only a sprinkling of bulb and seed firms as exhibitors. Now there are hundreds of these and a great number of equipment and accessory manufacturers who display their wares. Gardening has become more than a minor industry. Power equipment this year should hit the 500,000 mark in machines.

Liberty loans made the public investment conscious in the first World War and Liberty gardens sparked general interest in horticulture. When victory was won in the last war, the victory gardens carried on.

So there are tractors, power mowers, electric hedge clippers and a host of other machines made and offered to those who don't have to farm for a living. You can even sit down as you mow your lawn!

Jobs for 40 plus

ACTION instead of words on behalf of older workers is under way in New York City. A central committee has been formed with representatives from several of the top business organizations to coordinate a crusade aimed at improving the job opportunities for men and women more than 40.

The committee has already planned to supply information on why these older workers are usually competent and deserving to some 200 trade associations for transmission to their memberships. The committee will also go direct to top management and by-pass personnel officers who appear to be under instructions to hire only the

Findings of the Bureau of Labor Statistics will support the committee's arguments. A recent survey of 109 manufacturing plants which employ almost 18,000 workers revealed that workers more than 45 were steadier on the job in addition to having more highly developed skills and more mature judgment. suffer fewer injuries per Thev 1,000,000 man hours than those between 20 and 44, although their disabilities last a little longer.

Legislation is already pending at both national and state levels, which seeks to give older workers a better break. Business interests have signified, however, that they would much prefer to work out their own solutions.

"Fringe" isn't little

JAMES O. RICE of the American Management Association offers a timely suggestion now that some major labor contracts are again under negotiation. He calls for a little examination of that phrase 'fringe benefits.'

The word "fringe" conveys the idea of something unimportant and certainly the opposite of "core." Nevertheless this little something can amount in some cases to as much as 20 or 30 per cent of the payroll.

One company executive reported to the AMA that the cost of his "fringe benefits" was equal to the entire net profit.

Moreover, as Rice points out, the "fringe" stays on when basic wage rates change. It outlasts as a rule the article it fringes.

Incentive taxation

THE case for tax reform was summed up rather neatly by Q. Forrest Walker, economist for R. H. Macy & Co., at a recent meeting of the New York Chapter of the

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American Marketing Association. He explained that there is a vast difference between the political and the business approach to the problem of producing more in-

"In industry," Walker said, "we pay incentive wages or grant merit increases to raise production so that costs may be spread over a broader base. In government we do not tax to generate a larger flow of income and spread our governmental costs.

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"We do not reform antiquated, make-shift and punitive methods that set up powerful obstacles to the creation of new and additional income and there is perennial search for new devices that often result in still greater burdens on productive efforts."

Government, as well as private industry, declared Walker, can price itself out of revenues. "Higher net rewards for constructive effort will do more for us than a good five

cent cigar," he added.

Farm break-even

BREAK-EVEN points are of vital concern to industrialists as they move into a period of lower prices and reduced volume. They represent the levels where there is no more profit and the levels are much higher as operating percentages because fixed charges and other expenses are higher.

Time was when this was only a problem of industry and not of agriculture. Mechanization of farms, however, means that breakeven has also become a required study in the rural areas. As the monthly review of the Minneapolis Reserve Bank points out, the farmer's living and production costs are not only higher but are also more rigid than formerly as a result of revolutionary changes in farm production techniques and new family living standards.

More and more farms are electrifled and the bills must be met regardless of farm price levels and income. The same is true of fuel oil, gas and repairs to power machinery, hybrid seed and real estate taxes.

Yankee power

THE New England Council has become tired of hearing statements that industry is leaving that region because of the high cost of power. So with Yankee directness the Council is offering \$100 to any person who can present facts and figures to prove that the primary reason for any industry leaving



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Here is the desk that offers you everything in superbly modern design . . . executive efficiency . . . and sheer comfort. It's the new Art Metal Conference Desk-another leader from Art Metal's

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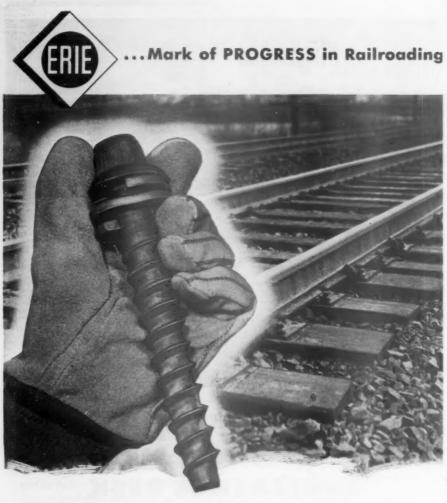
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Spike story with a new twist

THAT'S a railroad spike you're looking at, but a spike with a difference. An ordinary spike is hammered into the wooden ties, just as you would drive a nail.

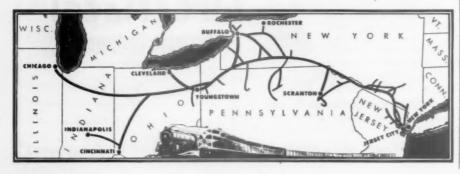
This screw spike is used by the Erie along with the straight spike, but is driven in by a rotary machine. Because it anchors the tie-plate more firmly to the tie, this screw spike diminishes friction. The strong spring-washer under the head helps absorb the pounding of passing trains. The result is less wear and longer life for the ties.

Added to Erie's extra-heavy tie-plate, heavier rail and stone ballast, the screw spike plays a part in maintaining the high standards of Erie's famed roadbed.

The fact that Erie adopted this special spike for its roadbed is another example of Erie's continuous search for the best materials to assure safe, dependable transportation for both passengers and freight.

Erie Railroad

Serving the Heart of Industrial America



New England within the past three years was the cost of power.

James C. Richdale, president of the Council, told a recent meeting of the organization that repeated effort to run down any such case has proved fruitless. On the other hand, the slurs have not been explained, retracted or substantiated. Hence, the reward device. Richdale added:

"The cost of power is not a prime determinant with respect to the location of most industries, moreover industries are definitely not leaving our region because of the cost of power and, third, there is no significant movement of industry from New England to other parts of the country for any reason."

Prices that sell

NOW that prices are coming down nicely, consumers are once more showing their preference for the odd figures which attracted them in the past. No one has quite explained why one price gets more action than another but there isn't a retailer who can't supply hundreds of examples.

Thus a variety store executive says the range up to \$1 (and excluding the five cent cigar, and candy bar) is 10, 19, 25, 39, 49, 79, and 98 cents.

The explanation is probably that manufacturers concentrate on shaping up their products to fit into these retail selling brackets. Where there is concentration there is usually better value because competition for the volume market comes into play. Retailers promote these better values—and there you are.

Methods engineering

THE new word in mass-production industries is "methods engineering." As the Automobile Manufacturers Association explains, it is creating "a new kind of factory, with a colorful interior, a vast array of automatic equipment and so clean that many employes wear office-job clothing."

"The task of the methods engineers is to work with production engineers in a study of all aspects of a plant—its layout, equipment, material handling, tooling, the products being made and the material used in making them—in relation to the work each employe must do," the Association points out.

Scale models of everything, including tiny figures of the workmen, are used to streamline the operations. In one new plant the parts of a new engine were re-

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designed to eliminate some production steps. The workers don't bend, reach or walk to stock-bins. They sit down at their work where that can be arranged.

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A gauge in this new plant uses the principle of a pipe organ to check a cylinder bloc. It checks the air space in the combustion chambers by measuring the pitch of sound waves as the air is forced through.

Company news

MOST company managements are ready to admit that they have a long way to go before workers will have a real understanding of the free enterprise system. Survey after survey comes up with answers which show how far wide of the facts are the general notions about profits, dividends, capital investments and other essentials of the operating economy.

One reason why there is less knowledge than there should be might be traced possibly to the shyness of some company publications. They back away from coming to grips with anything considered controversial. The facts of life are restricted to social affairs, vital statistics and employe activities. Arguments are more or less taboo.

Thus, a survey made by the International Council of Industrial Editors indicated that only 13 per cent of almost 2,000 company publications passed along information on the Taft-Hartley Act. And less than one third of the editors attend meetings which discuss employe relations. The estimate of the editors' Council is that nearly 50,-000,000 persons are reached by the internal, external, trade and association publications which cost about \$109,000,000 a year to produce.

It would appear, therefore, that company publications offer an excellent platform from which to combat the lack of understanding which business now rates as a prime handicap. One of the best ways to improve efficiency is to satisfy the worker on fundamentals.

Needs and wants

A RETAIL executive, who is rated one of the keenest in the business, says that he has come to this conclusion over the years: The success of a store depends in direct ratio upon its success in selling customers not what they need but what they desire.

In short, if the stores dealt only in necessities, thousands of them would suspend overnight.

Think your company is fireproof?

MAKE THIS SIMPLE TEST AND SEE!

Touch a flame to one of your ledger sheets or letterheads. Will it burn?

That's a little flame. Now suppose your entire offices were on fire-would these same records burn?

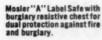
Naturally, if they are unprotected. Metal filing cases won't protect them for more than a minute or so. And they may not be protected even in your safe!

Here's why-paper chars without being touched by flame when temperatures go above 400°. A safe that has been through a previous fire or burglary, or does not carry the label of the independent Underwriters' Laboratories, Inc., simply cannot be trusted. It may act as an oven and cremate its contents.



4 out of 10 firms never reopen after losing their records!







That's why you should have the finest protection you can get for your records—a new Mosler "A" label safe, made by the world's largest builder of safes and vaults. Why take chances? See Mosler now and be safe!

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American Incident -done in oil!

more detailed account of the "American Incident" is given in the ompany's Annual Report to stockholders, a copy of which will sent upon request. Address, 70 Pine Street, New York 5, N. Y.

THE WORLD TODAY is at grips over the age-old question whether rulers can plan the economic life of the people as

plan the economic life of the people as well as the people themselves.

Dictators — Mussolini, Hitler, Stalin, et al. — substitute their edicts for economic law. Every "omnipotent state" must do that. Every effort has followed the same pattern since Hammurabi fixed prices 4000 years ago. First, more and more compulsion with greater and greater penalties. Then follows popular revolt, expressing itself in an acceptance of black markets, the last resort of people who markets, the last resort of people who have more respect for natural law in the market-place than in man-made law.

In America, we have gone on the prin-

ciple that economic laws are discovered

not made.

Seldom has a nation had the opporseidom has a nation had the oppor-tunity to see demonstrated on such a large scale and in such a short period of time the workings of a free economy, — an incident falling naturally into the old American way of getting things done.

American way of getting things done.

A YEAR AGO, there was fear of an acute shortage of oil and gasoline. Government agencies estimated the United States was 15 per cent short of crude oil to meet 1948 needs, and saw little hope of wiping out this deficit. There was even agitation in Congress to give the Executive the power to ration and fix prices. Only a miracle, it was said, could prevent widespread suffering.

What happened? Plenty of oil and gas. In fact, by the end of the year, 100,000,000 barrels of petroleum had been added to the stock piles of the nation, and proved reserves of crude oil and natural gas liquids were increased by two billion barrels, and natural gas by 8 trillion cubic feet!

feet!

IT WAS NOT A MIRACLE. On the contrary, it was the natural American way of guiding production and consumption by the free operation of the price mechanism.

The anticipated shortage caused competition to bid up prices of crude oil. This created greater incentive to discover and produce crude, but incentive, however

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great, is not enough. There must be the cash or credit to furnish the wages and tools for the expanded activity.

Without the profit incentive and the profits of earlier years it would have been impossible for the oil industry to convert an economy of scarcity in 1948 to one of plenty today in 1949. Furthermore, just as rising prices automatically stimulated production so today excess production swings the price pendulum downward.

Economic law, unhampered, thus works day and night to bring back the balanced economy toward which it is always striving. It has never been done by Executive Order.

You can't "putsch" oil around — nor men of spirit!

CITIES SERVICE played its part in this transition from scarcity to plenty. As a result, you, the public, were able to buy and you did buy — more Cities Service products and services than in the previous year, in fact, a total of \$593,000,000 worth.

In order to do this Cities Service increased its production of crude oil by 10%. It refined 72,000,000 barrels, an increase over 1947 of 10%. It furnished customers 372 billion cubic feet of natural gas, an increase of 17%.

tubic feet of natural gas, an increase of 17%.

Its sales of electric energy were just short of 3 billion kilowatt hours, an increase of 12%.

IN SPITE OF these increased activities, Cities Service carried forward its program of development and expansion, investing \$112,000,000 in 1948. Stimulated by the free air of American endeavor, unhampered by totalitarian "planning", it is getting ready for further demands of the public for oil, gas, and electric power. It also added to its financial resources in context of the public for onest these demands. order to meet those demands.

This Company believes that the United States of America under the free enterprise system is still a going concern, and proposes by precept and example to do its part in keeping it so.

Service



MANAGEMENT'S Washington LETTER

A NEW DOLLAR—post-boom model—is on the way.

You can see it coming in downward trend of prices.

Trend indicates the dollar is moving to new level, post-boom plateau value.

It's worth 50 cents today, compared with its 1939 purchasing power.

Now it appears to be heading toward a value of about 60 cents, measured on same scale.

This would mean a 20 per cent drop in prices from present levels.

Don't expect any pattern, any uniformity, in that movement—either in timing or in price fluctuations.

Some prices will plunge. Others will change only slightly. Few will remain unchanged.

For cuts are coming now in raw materials—cuts resulting from change of shortage to surplus, from a rising market to a declining market. They will show up later in finished products.

▶ AS TO WHAT can happen to prices, look at tallow (soap makers' material):

Year ago it brought 27 cents a pound. Early this year it was down to 10. Last month it dipped to five, with some sales reported below that. OPA ceiling was 12.

Small, psychological cuts made to influence union negotiations, test markets will be followed by bigger reductions as management reaches for level that will move goods.

Some will be hidden, like lower tags on "new designs" in woolens that proved to be the same as the old; like slashes on "slightly marred" radios, refrigerators in perfect condition.

Unlike rises, price cuts are made reluctantly. When prices are going up business is rising, goods are moving fast, profit is increased on inventory.

But price cuts reduce dollar volume, inventory values.

May take a year—or longer—for the dollar to reach its post-boom level.

Some prices will dip far beyond that point—temporarily. Lowering prices generally overrun level they seek, recover part of their drop almost immediately.

Note: Government spending, lending could reverse current trend.

Scale would have to be far above present program.

WHAT HAPPENS in business decline?
In many ways, same things that happen in a rise. But in reverse.

You're traveling same road you traveled in 1940. But you're going the other way.

A look backward might show where you're headed.

In 1940 net profits of leading corporations (compiled by National City Bank of New York) rose 19.3 per cent over 1939.

But percentages always apply to the other fellow. Never to you. Look at the extreme range underneath that 19.3 per cent rise:

Baking's profits went down 13 per cent while cotton goods jumped 77.4.

Lumber profits went up 76.8 per cent, iron and steel up 98.8, while profits of cement makers went down by 3.3.

Profits on paper products rose by 73.8 per cent. At the same time profits on rubber products dropped by .7 per cent.

Department stores registered a 28.3 per cent rise while mail order houses were drifting down 7.2.

Volume of money made in coal mining tripled, but oil and gas profits slid off by 19.6 per cent.

Profit on all wholesale, retail trade was 3.2 per cent below previous year.

But by mid-1941 trade's profits had skyrocketed to a level 72.9 per cent above the first half of 1940.

Baking dragged along, 4.5 per cent below the previous period.

Sales of 40 large manufacturing companies rose 40 per cent over first six months of 1940.

Within that average were an oil refining company, up 5.3 per cent, and a powder maker, up 75 per cent.

Same period sales rise for 40 chain, mail order, department stores was 16 per cent.

Within that average was a high of 42.6 (men's clothing) and a low of minus 4.5 (mail order sales).

These wide variations in business levels, profits will appear also during a decline. But the plus signs will turn to minus.

PRICE CUTS OFTEN stop or slow up sales, particularly of materials.

That's first reaction. Buyers note lowering prices, decide to get rid of

MANAGEMENT'S Washington LETTER

higher-cost inventories first—hoping their own sales prices will hold up during unloading.

They follow theory that on downwardbound market the longer they can stay out the better.

One executive who buys paper regularly in large quantities received telegraphed notice of price cut.

So he checked his supply, canceled order until stock on hand is used up.

Same thing is happening in metals, other commodities.

► TURNOVER IN ANOTHER business commodity — management—is likely result of down-swing.

Some management is bound to have trouble reversing its field.

Sales executives, purchasing agents are especially vulnerable in changeover from rising to lowering markets.

Sales managers who have come up in past 10 years may never have experienced buyers' markets, faltering sales.

Purchasing agents whose main abilities have been ferreting out supplies, making conversion deals, buying at any cost may have difficulty, lack experience in driving costs down.

One business analyst has this suggestion for executives looking for reasons behind adjustment problems: Don't overlook your mirror.

▶ WHAT DO PEOPLE buy when sales are shrinking?

Federal Reserve economist in Fourth District (centered in Ohio) wondered, found that—

Luxury sales were up compared with year ago, while movement of most necessities was down.

Gift shop sales led list with rise of 32 per cent. Major household appliances fell off 31 per cent.

Other ups: radio, phonograph, television, 31 per cent; toys, games, 26; costume jewelry, 18; lamps, shades, 17; china, glassware, 14; books, stationery, 8; luggage, 7; clocks, silverware, 5.

Downs included men's clothing, 12; girls' wear, 10; cotton wash goods, 13; boys' wear, 7; better dresses, 5; hosiery, 5; shoes, 3.

► AIRCRAFT MAKERS work on formula for government-guaranteed loans to finance

defense contracts. Defense deliveries will increase their sales this year. But they haven't much hope for increasing profit ratio.

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Fifteen major aircraft makers report 1948 sales of \$1,179,471,000. Profit was 1.4 per cent of sales. At least 75 per cent of their business is military.

Theirs is only U. S. industry now subject to renegotiation. Fixed-price contracts also provide for price redetermination.

► WAR-DEVELOPED synthetic rubber industry is saving U. S. rubber users \$100,000,000 a month.

By preventing skyrocketing postwar prices on natural rubber, synthetic industry already has saved \$2,000,000,000—more than twice its cost.

These are figures of P. W. Litch-field, Goodyear board chairman. Without synthetics, price of natural rubber would have jumped to \$1 or more a pound since war, he contends.

Current price of natural is 19 cents. Fixed price of American-made all purpose rubber is 18½.

Only availability of made rubber has held natural at its 20 cent average since market was freed of controls in April, 1947, Litchfield points out.

Since then 55 per cent of U. S. rubber consumption has been synthetic.

To compare current price with probable level if full demand had applied to natural, Litchfield points to 1920's.

Then natural rubber price ranged from low of 12½ cents to \$1.25. Average yearly price range was from 16 cents in 1921 to 72½ in 1927.

Demand for man-made rubber holds current production at twice the 200,000 tons per year level required by law.

▶ NEED MONEY? RFC has \$1,250,000,000 to lend business men.

But maybe you'd better hurry. Inquiries concerning government loans are up "quite substantially." Formal applications also rise, but more moderately. Actual loans, which lag, show little change.

RFC official in an industrial district attributes rising inquiries, "the highest volume in a couple of years," to tightening bank credit.

"Banks are a little uncertain of the future, so they're steering clear of long-term business loans unless they're absolutely gilt-edged," he observes.

"Banks want only 60 or 90 day paper. If the business man needs a longer term, they're sending him over to us."

Who's eligible for RFC loan? Anyone

NATION'S BUSINESS for May, 1949

who operates a legitimate business from a one-truck hauler to a steel tycoon.

But first his application must have been reviewed by a bank or other private

lender-and turned down.

 Second condition: Loan must be of such sound value or so secured as reasonably to assure repayment.

Third: Applicant must be able to pledge sufficient physical collateral.

"We make loans, not grants," points out RFC spokesman.

"The purpose must be constructive something that would continue or increase employment or production."

Plant expansion, purchase of equipment or inventory are among acceptable purposes.

Another condition: Loan "must not contribute to the inflationary spiral."

Interest rate is 4 per cent. Applications may be made in RFC district offices. Your banker can tell you where, how.

Note: RFC set aside \$50,000,000 to aid prefabricated house manufacturers. It has \$40,000,000 of it left.

CONGRESS MAY DANGLE \$15,000,000,000 more before business men this session.

Worried members watch unemployment, production figures, plan hearings on Sparkman-Murray bill.

It would provide RFC with the billions for loans to business designed to main-

tain full employment.

Unless slide-off is sharp, clear, committee hearing is as far as it will get. Asks opposition: "Where's the money coming from?"

▶BIG PUSH TO CUT excise taxes on transportation, communications is under way.

Chance of success in present session of Congress: Very doubtful.

Railroads, air and bus lines, telephone and telegraph companies will argue for deep cuts, along with shippers.

But Congress won't reduce Government's income—unless loss is made up else-where.

Dozens of bills have been introduced to chop wartime excise taxes that last year totaled \$1,032,500,000 on transport, communications.

Fifteen per cent added to fares cost passengers \$246,300,000.

Twenty-five per cent added to cost of service took \$275,000,000 from long distance phone, telegraph users.

Three per cent added to bills cost shippers \$317,200,000.

Local phone users paid \$194,000,000— 15 per cent added to their bills. All these taxes, except a low rate Washington LETTER

applied to long-distance communications in 1932, have been added since 1941.

Air lines claim they are hurt most among carriers. Their argument is that percentage method of computing tax gives lower-price competition added price advantage.

► AMERICAN LIFE CONVENTION official makes this statement—

"If there is one thing on which there is practically unanimous agreement, it is the opposition to federal control of the life insurance business in any form."

Statement is made to correct report in this space (March issue) that life insurance companies would not object to switch from state to federal control as long as they got one or the other, not both.

▶ PRESSURE ON STEEL MEN to get coal at any price is lessening.

As this pressure for coal drops, resistance to United Mine Workers' demands rises.

Thus stage is set for long soft coal strike this summer.

Note: Strikes now cost UMW welfare fund (based on royalties) \$1,400,000 a week.

BRIEFS: Add to downward trends-Divorces last year totaled 415,000, a third less than 610,000 peak in 1946. ... General Motors took a look at its stockholders' addresses, found them in 48 states, D. C., six U. S. possessions, 77 foreign countries. Total shareholders: 434,684....Churchill told broadcasters he'd like to see how he looked on television. When he got home after Boston speech film of it (video view) awaited him. It was flown across Atlantic while he rode Queen Mary.... U. S. has 110,000,000 acres of forest land (state and private) without organized fire protection...Port of New York Authority finds at LaGuardia Airport that moving an automatic vending machine as little as six feet may double its sales. One machine sold 1,000 pairs of nylons in a month.... American Automobile Association reports 40,566,000 roadside service calls last year. Of these 1,349,000 motorists had run out of gas



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OF NATION'S BUSINESS

The State of the Nation

VERBS are used to describe action, both physical and intellectual. Nouns serve to define both objects and ideas. In matters where there is a common experience these words do not cause difficulties. A noun like "bread" or the verb "to eat" convey their meanings clearly and immediately, in English or any other language.

But there is no such precision in the case of words that deal with generalities. "Democracy" obviously does not mean the same thing to Harry Truman and to Josef Stalin. And since that is a Greek word, as natural—or unnatural—to Russians as to Americans, confusion here is not attributable to the difference of language. Marshal Stalin has one idea in mind when he speaks of "democracy." President Truman, using the same word, has quite a different train of thought.

Precision in the use of words—an art known as "semantics"—may at first glance seem a somewhat academic consideration. But it is actually of the most fundamental importance for the American people, whose political and social institutions are based upon abstract ideas. As James Madison long since pointed out, in *The Federalist* (No. 37), "the use of words is to express ideas." If speakers and writers employ words carelessly—or to exploit the emotional content which many words have come to acquire—the only possible result is a general confusion of thought.

So it may be suggested that there is a verbal basis to the painful uncertainty which characterizes the state of the nation at this moment.

This confusion is in no small degree a direct result of an undiscriminating use of words which were designed to convey political ideas, but cannot do so unless they are treated with respect.

The original purpose of this republic can be described both simply and precisely.

In 1787 it was realized, much more clearly than in 1949, that men must either control themselves, or be controlled by external government. The conviction of those who wrote the Constitution was that the American people, by and large, were and would continue to be capable of self-government, in the literal sense of the word. This conviction, it should be noted, is of Christian origin and is only found among people who believe in Christianity. For it was Christ—above any other religious leader the world has ever seen—who preached that men are worthy of respect as men.

In consequence, the Constitution of the United States was drafted so as to assure the greatest possible freedom of action to the individual. This was accomplished by placing positive restraints upon the powers of external government. First, these powers were carefully divided between the federal and state governments, so that the former should not usurp functions which were deemed appropriate for the latter. Then, in both federal and state governments, power was distributed among the legislative, the executive and the judicial branches. This double division of government



\$530 More Needed for Oil Facilities

For every additional car that rolls onto America's highways the oil industry must put up \$530 more in new capital.

It takes that much for equipment to find, produce, and transport the added gasoline and oil needed to keep it running.

To supply oil for each additional oil burner, the industry invests \$670;

for a truck, \$970; for a Diesel locomotive, \$108,000; for a transport plane, \$221,000.

And because Americans use more cars, more trucks, more trains, more planes every year, it takes more and more money at work all the time to keep oil flowing out of the earth at the rate they use it.

This money comes from invest-

ments – from stockholders and from earnings put back into the business to meet the always expanding needs. Sound investments like these are for your future. Soundly and progressively managed, they give you assurance of oil to meet your growing needs.

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The better you live, the more oil you use...

STANDARD OIL COMPANY (NEW JERSEY)

NATION'S BUSINESS for May, 1949

authority made it difficult for any man, or any agency of government, ever to assume a politically dictatorial position in the United States.

Thus, in contradistinction to any other political system before or since, the power which comes from cooperative activity was reserved for the people of the United States. That, and not any particular virtue in Americans as individuals, ex-

plains our material prosperity.

It is of course true that this political thought was the product of a less complicated era. On the one hand, the men who wrote the Constitution had relatively few conveniences. Madison, making all possible speed, consumed an entire day in merely traveling from New York to Philadelphia for the Convention of 1787. There was a barber, but neither running water nor a built-in bathtub, at the Indian Queen tavern where he lodged. On the other hand, Madison had no anxieties about atom bombs, or communism, or parking problems.

The argument that fundamental principles are outmoded by changing circumstance can lead, and indeed is leading to conditions of social chaos. The duty that a man owes to his wife and minor children is not affected by the fact that he can now travel from New York to London as quickly as Madison could move from New York to Philadelphia. There are constants and there are variables, in the life of man as in mathematics. The problem is to differentiate between those standards which can be advanced, and those which may be destroyed, by change.

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A very good case can be made for the belief that the principles underlying the American system of government can never be improved. Of course this does not mean that the operation of our government, federal, state or local, is perfect. It is not to say that the political problems of the atomic age were envisaged and solved by the men who gathered in Independence Hall during this month of May, 162 years ago. But, if our system of government is based on eternal principles, it follows that in those principles we have guideposts for the solution of every problem brought or developed by the advance of science and invention.

This is a matter which merits deep consideration at present. For our political leadership, under the impulsion of events, has clearly set itself objectives for which our system of government was not designed. That system seeks to restrain the centralization of power. But the Truman program, both domestic and foreign, assumes that centralization of power is desirable and indeed demands it.

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The ambition to concentrate power in Washington did not originate with Mr. Truman. Throughout our history there has been a constant centripetal tendency, of which the Constitutional Convention of 1787 was itself an illustra-

tion. The tendency was magnified by World War I, by the depression, and even more by World War II. But what is novel in our present governmental policy is that it seeks to centralize power not to meet an emergency, but rather because central-



OF NATION'S BUSINESS

ization is somehow deemed desirable for itself. The Administration, for instance, wants to control the market regardless of whether the price trend is up or down. The Administration wants a military alliance with western Europe regardless of military opinion on its desirability, and regardless of the evidence that communist expansion in Asia is a far more serious long-range problem.

. . .

On every particular point, whether it be military aid to the governments of Greece and Norway, or the establishment of socialized medicine here at home, a plausible case can be made by advocates of the particular measure. But, by the same token, a plausible case can generally be made by the embezzler who allows his immediate desires to obscure the principle of honesty.

This concentration of immediate reform, on the plea of urgency or necessity, and without consideration of the principles involved, is bringing some very disagreeable and disquieting results. Thus we have the President and Secretary of State arguing that the Atlantic Treaty is "within the framework" of the United Nations. Casuistry can make a legalistic presentation of that argument. But the charter of the United Nations never contemplated that an alliance of this character would be defined as a mere "regional agreement."

The Atlantic Pact may be good or bad. The point at issue is the manner of its explanation to the American people. That must be sincere, set upon basic principle and untainted by deceit.

There is nothing new in the deceitful use of words and phrases to "put over" a particular government policy. It is more than 400 years now since Machiavelli, who gave his name to this technique, wrote that princes "who have had little regard for good faith have done great things, and have been able by astuteness to confuse men's brains." But those to whom we lend temporary political power are not "princes," set over us by hereditary right.

The American people, heirs to a system of self-government, have no reason to be confused—if words that express ideas are accurately used. By intelligent and forthright criticism—of our writers, our speakers and our officials—we can quickly improve the value of our verbal currency. Depreciation in this field has become a serious matter for our republic. —FELIX MORLEY



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STATISTICIAN:

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The Month's Business Highlights

VIEW OF business prospects is beginning to emerge. There have been times in recent months when an impressive body of opinion expected 1949 to be a year of serious and continued recession.

Numerous soft spots in our economy have developed, it is true, but the underlying factors are still strong and positive.

There has been enough pessimism in the air to have an important bearing on legislation. Congress is not likely to increase taxes when the situation is uncertain, nor is it likely to grant the drastic powers called for in the economic regulation bill. The decisive defeat the majority leadership suffered in its effort to change the Senate rules has lessened its assurance. Prospects, as a result, favor more reasonable legislation on labormanagement relations, wages and hours, housing and other matters which concern business.

Peaks attained in 1948 are not likely to be duplicated in 1949, but trade and industry have shaken down to more realistic levels. Many of the seasonal factors, which disappeared during the war, again are asserting themselves. When allowance is made for the normal seasonal dip in February and March, declines in those months were not as extreme as they seemed.

Areas of softness as indicated by declining sales and employment now involve some 15 per cent of the working force, although actual unemployment has not gone far beyond five per cent. Lines in which the decline is most pronounced are: foods, textiles, furniture, major household appliances, jewelry, entertainment, restaurants, drugs, men's clothing, radios, leather goods, liquor, office machines, used automobiles, farm implements and some chemicals. Production curtailment has preceded price reductions in nearly every instance. However, when prices are reduced, sales volume tends to increase.

The net effect of price movements has been to bring the wholesale price structure into better balance and to move closer to the price relationships that existed prewar. Prices that were far out of line cannot be maintained in a balanced peacetime economy. Weakening of business activity is measured from very high levels.

Sales are slumping more in large cities than in the smaller centers. The number of business failures is five times greater now than in the first year after the war.



OF NATION'S

Increased activity is particularly noticeable in electric power, automobiles and public works. The general situation is prompting determined efforts to reduce production costs. The chief need is increased man-hour productivity. Progress is being made in that direction. This is not being at-

tained by reducing wage rates; rather, the less productive employes are being weeded out.

The shift from a sellers' to a buyers' market means that hidden concessions are substituted for hidden premiums. Release of less efficient employes suggests improved performance to those remaining. High-cost night shifts frequently are eliminated. Use of less efficient machinery is reduced. Uninterrupted flow of materials improves operating efficiency. Expenses are being trimmed all along the line. Thus costs are brought down to meet the lower prices. These processes are at work throughout the whole business and industrial structure. With wartime scarcities of consumers' durable goods a thing of the past, demand now is on a basis of current needs. These will be higher than prewar because of the increase in the population and in living standards but a return to aggressive selling is now necessary. Inefficiency in either manufacturing or selling will be penalized heavily. Unwarranted inventory accumulation has been discouraged.

It is easy to exaggerate the extent of the decline that has taken place. Attention naturally is riveted on the soft spots. Layoffs are widely publicized but unemployment could increase considerably before a slack labor market develops. Since the less efficient are let out first, the effect on total production is not great as is indicated by the industrial index. There has been no serious decline in national income. The gross national product is holding up well. The Commerce Department's survey of what business and industry expect to spend indicates a drop of five or six per cent, but experience with that type of sampling shows a tendency to understate rather than to overstate probable expenditures. Actual figures for the early months of 1949 are exceeding esti-

Federal expenditures will increase in the latter half of the year. They will go up rapidly if the cold war warms up. With a cold war in progress it is



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You, too, can enjoy low-cost hauling.

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The sure way to enjoy low-cost transportation is to buy "Job-Rated" trucks . . . built by Dodge.

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. . . your grade and speed requirements. He will recommend the right "Job-Rated" truck to fit your job . . . and you'll be surprised at its low cost.



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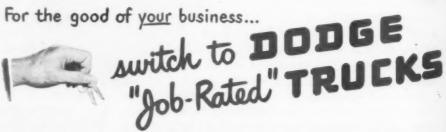
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For the good of your business ...



FOR THE LOCATION OF YOUR DODGE DEALER, CONSULT THE YELLOW PAGES OF YOUR PHONE BOOK

NATION'S BUSINESS for May, 1949

hard to see how a serious depression could occur. In an armament race, developments tend to feed demand.

Purchasers of consumer and capital goods are not the only ones who hold back when lower prices are in prospect. Agencies handling public works likewise have been holding projects back, despite the urgent need for more highways and other improvements. Alert contractors, however, are marking down their bids rather than allow the work to wait. Competition is asserting itself in the contracting field. The average number of bids is up by some 40 per cent on the larger projects. This matter of anticipating price declines feeds on itself. In 1937 nearly everyone was sure prices were going much lower. As a result, the economy got a devastating jolt. Some thought the same thing would happen this year but enough decided that the decline might not last and did their buying. This slowed down the trend. In normal times a decline of ten points in the industrial index caused no flurry. For more than two years the monthly changes in the index have been gradual. Even John L. Lewis failed to cause a deviation of as much as ten points.

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Record plantings of most crops are getting off to a favorable start. Many things can happen between seedtime and harvest but, barring the unusual, farm output again will be at a high level. Another year of abundant crops, desirable as that would seem when half the world is on short rations, will raise troublesome issues. When the Government is called upon to take over large surpluses something soon is done about it. What happened in the potato situation is an example. Congress acted promptly in excluding 1949 cotton acreage from the base for the determination of future acreage allotments when intentions to plant indicated an increase of more than 4,000,-000 acres. Neither the individual farmer nor his organizations like the controls that will accompany excessive carry-overs.

On the basis of stock-market behavior, the Federal Reserve could have reduced margin requirements long before it did. Stocks had been sluggish for a long time. There had been little speculation. Only a negligible amount of credit had been in use, yet the margin requirement was kept high. It is significant that the Federal Reserve took action indicating that it no longer feared inflation at a time when the President was defending the position that the danger of inflation calls for measures to guard against it. Congress is more determined than ever in its opposition to tax increases and to additional controls.

Some speculation in stocks may help the equity situation. For a long period, prices on the big board have been very low in relation to earnings. Such shares now are becoming more attractive.

Housing will have a hard row to hoe during the remainder of this year. No one will know what the level of rents may be until controls are dropped. As a result, few new houses are being bought for rental purposes. The builder usual-



OF NATION'S BUSINESS

ly is not in a position to carry as an investment the houses he has constructed. Home buying has slowed down. In consequence, many speculative builders are headed for the rocks. The need now is for rental properties. The demand for apartments continues to exceed supply. Construction of apartment houses will be an outstanding feature of building this summer.

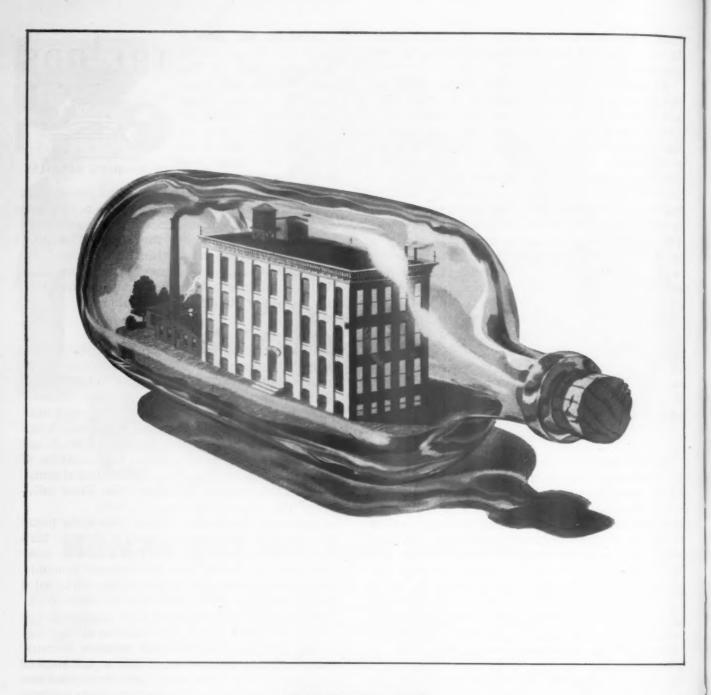
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Although the Atlantic Pact is a political instrument, it is important to business because of its influence on world relationships. Whether signed or not, it is certain to sharpen moves in the cold war. That will mean a continuance of heavy military expenditures by the United States which call on industry for many products. Even if we do not have a lend-lease arrangement, the countries of western Europe will buy large quantities of munitions in this market. In either case, these influences will support business activities.

Debate in the Senate reveals that some members are convinced that the pact is likely to turn the cold war into a hot one. The majority, however, does not think such an outcome probable. In support of that point of view, attention is called to the fact that it is a technique common to dictatorships to try to knock off their opponents one by one. To tackle a group of countries all together would give pause to the most reckless. Because many senators are convinced that a pact such as that now before them would have prevented war in 1914 and again in 1939, prospects favor ratification

Much of the speculation as to reasons for the changes in the Russian setup are as fantastic as Soviet interpretation of developments in the United States. It seems clear, however, that the reason was the Kremlin's dissatisfaction with lack of success in waging its cold war. The western democracies apparently have been winning all down the line. The logical move for Russia in such a case would be to make shifts in the high command. The natural development was to expect a bold move by Vishinsky in an effort to turn the tide. Western Europe is gaining strength and confidence rapidly. These countries are recovering so speedily that it would seem increasingly foolish for Russia to do anything to provoke a war she would be certain to lose.

-PAUL WOOTON



Bottled up?

Is your factory sealed off from opportunity... shut in by competition...held back by an economic bottleneck?

In the South, along the 8,000-mile Southern Railway System, it will have wide open spaces to grow in...an unending supply of natural resources to grow on...and prosperous,

fast-expanding nearby markets to grow with.

In the South it will join the thousands of new industries that already have discovered the way to a bright future.

"Look Ahead-Look South!"

Ernest E. rossió
President

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SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

Washington Scenes

HE running battle between President Truman and Congress promises to go on for a long time.

Far from being novel, this kind of conflict is familiar in American political history. It is inherent in our form of government. The Founding Fathers, having experienced tyranny, were

afraid above all of arbitrary power; hence the division of powers and the system of checks and balances. The result, over the years, has been a good deal of thunder along the Potomac, especially when the man in the White House has sought to lead those on Capitol Hill.

John Sherman, who served in the House, the Senate and the Cabinet, and who was boomed for the presidency, wrote in 1895:

"The executive department of a republic like ours should be subordinate to the legislative department. The President should obey and enforce the laws, leaving to the people the duty of correcting any errors committed by their representatives in Congress."

Theodore Roosevelt revolted at the notion that he should be a mere instrument of Congress. Woodrow Wilson, in his turn, shared T. R.'s view.

"The President," said Wilson, "is expected to be the leader of his party, as well as the chief executive officer of the Government, and the country will take no excuses from him. He must play the part, and play it successfully, or lose the country's confidence. He must be prime minister, as much concerned with the guidance of legislation as with the just and orderly execution of law."

In their last years in the White House, both Roosevelt and Wilson found themselves stymied by Congress.

What is extraordinary, even startling, about the struggle between President Truman and the Eighty-first Congress is that it should have come so early. Echoes of his 1948 tirade against the "mossbacks" of the Republican-dominated Eightieth Congress had hardly died away when he was feuding with its successor, this one controlled by his own Democratic Party.

What is the explanation for this situation, aside from the traditional strain between the executive and legislative branches? Why is this Democratic Congress, in the case of many issues, refusing to go along with the President?

The answer, in part, is to be found in the 1948



OF NATION'S BUSINESS

election returns, which were widely misread.

Some exultant Democrats let their imagination run wild after the great upset. Thinking perhaps of the first New Deal victory of 1932, and of the rubber-stamp Congress of the famous "100 days," they expected, apparently,

that there would be a clear road ahead for the Truman program.

They were wrong, for two reasons. First, the Democrats, while having nominal control of the Senate and House, do not have majorities large enough to offset the occasional alliance between conservative Democrats from the South and the Republican minority. Second, no emergency exists; and it is only in an emergency—or in the face of an overwhelming public sentiment for a particular policy—that Congress readily yields to White House leadership.

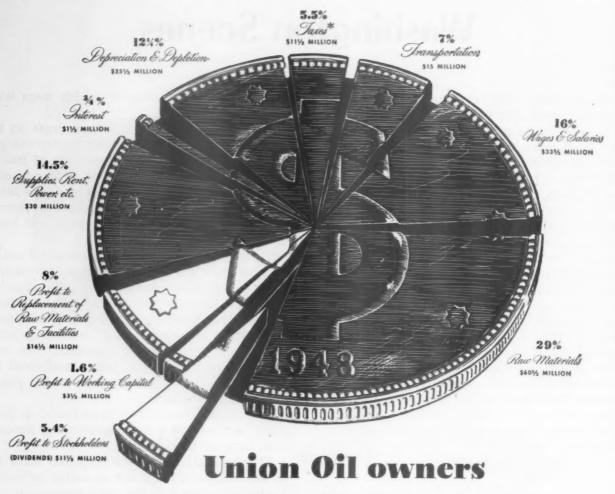
The explanation also is to be found in part in what seems to be a misapprehension about the 1948 Democratic platform.

This is illustrated by the fight over labor legislation. The platform, it is true, called for repeal of the Taft-Hartley Act. But did it necessarily follow that Mr. Truman's election was a "mandate" for the kind of labor law the Administration afterwards proposed? Undoubtedly, many union members and others voted for the President because of that repeal plank. But it is also pretty certain that a good many people voted for him, not because of that plank, but in spite of it.

It is generally agreed now that Mr. Truman owes his victory to the farmers of the midwest. Would anybody argue that these farmers are now clamoring for the Administration's new labor bill?

The Eighty-first Congress, it would appear, feels that what the American people want is a true balance as between management and labor. And it seems to be a good bet that the labor legislation that is eventually sent to the White House will have a lot of Taft-Hartley in it.

Party platforms, which hardly anybody reads, often are deceitful documents. Designed to bind together various elements of the party and to catch votes, they are rammed through a national convention in the space of a few days. A delegate from the corn belt, let us say, will have no sympathy for a labor plank. However, if he thinks it will help his party in the big cities, he will keep his



get 5.4% of 1948 sales dollar

LARGEST DOLLAR PROFITS IN COMPANY'S HISTORY

According to the bookkeepers, Union Oil Company made a net profit during 1948 of \$31,293,000.

If this bookkeeping profit represented the company's actual "take," our 34,035 common stockholders would be throwing their hats in the air.

BUT HERE'S THE JOKER

53% of these profit dollars had to be plowed right back into high-cost equipment, facilities and oil properties.

Another 11% had to go into working capital.

So the actual "take"—profits that were drawn out of the business in the form of dividends to stockholder-owners—came to \$11,320,000. This amounted to a return of only 5.4% on our total sales of \$209,000,000, or 5.6% on the capital invested in the company.

UNION OIL COMPANY

Incorporated in California, October 17, 1890

*Taxes in chart do not include \$35,200,403 which we collected for Federal, State and local authorities from our customers; taxes paid by our suppliers; or personal taxes paid by our stockholders and employees.

WHY DID WE HAVE TO PLOW BACK 2/3 OF OUR PROFITS?

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1. Under the tax laws, a corporation can set sums aside each year to replace equipment and oil properties when they're worn out. (These sums are represented in "Depreciation and Depletion" segment of big chart.) But the sums you're allowed to set aside are based on what these things cost when you acquired them—not on what it costs to replace them today. Since those depreciation funds aren't adequate to replace equipment and oil properties at today's prices, we have to make up the difference somewhere—or go out of business. That's where one part of the "profit" dollars went—replacement.

2. Every housewife knows that it takes more dollars to meet daily expenses today than it used to. A corporation's daily expenses have increased just like the average family's. That's where the other part of our "profit" dollars went—into increased working capital required for day-to-day expenditures.

peace-provided, of course, that there is also a plank looking out for his farmers.

Mr. Truman's request for \$4,000,000,000 in new taxes may be thoroughly justified in view of the enlargement of our armed forces and our overseas commitments. However, there was no hint of such a request in the 1948 platform. On the contrary, the platform held out the promise of a tax cut whenever that was possible without unbalancing the nation's economy.

There is almost no sentiment for a tax increase in Congress at this time. Higher taxes, of course, are never popular with the lawmakers; besides, many think that an increase now would be harmful to the economy. If, later on, the Government gets deeply in the red and business is reasonably good, the story may be different.

The successful filibuster of the southern Democrats against a change in the Senate rules, a change designed to clear the way for the Administration's civil-rights program, needs no explanation. As the legislators from Dixie saw it, they were being asked to slit their throats, politically.

Some of the interpretations put on this defeat for Mr. Truman were altogether too grim. Perhaps this was because it was coupled with another setback—the action of a Senate committee in blackballing his good friend, Mon Wallgren. Anyway, one viewer-with-alarm hauled off and said that Mr. Truman's whole program was "in ruins."

This was mistaking a battle for a full-scale war. The Eighty-first Congress, it should be kept in mind, is still young. Besides, Mr. Truman's lease on the White House still has three and a half years to go.

Impartial observers at the Capitol believe that Mr. Truman will get a large part of his program through Congress, maybe as much as 60 per cent. They don't expect that he will get it just as he wants it; few Presidents ever do. Allowing for the usual give and take, such as made the new rentcontrol bill possible, they look for action on housing, federal aid to education, extension of the reciprocal trade program, and some broadening of social security—all this, of course, in addition to action on the regular appropriation bills and the North Atlantic Treaty and the arms program.

They don't look for any action on stand-by controls over prices and wages; at least, not so long as deflation is on. Neither do they expect anything to be done at this session about national health insurance, barring a spectacular compromise.

If Mr. Truman does get 60 per cent of his program through this session, it won't be because of any significant change in his relationship with Congress. The fact is, there has always been room for agreement on much of the pending legislation -not only as between the President and the Democrats, but also as between him and the Republicans. The G.O.P., it should be remembered, also made some campaign pledges.

An election is coming up in 1950, one that will involve a third of the Senate and all of the House members. As yet it OF NATION'S has not been shown that



the best way for a candidate to win is to tell the voters he fought Mr. Truman all along the line.

As for the President himself, he seems not too unhappy about the way things are going. Having served as a senator and also as vice president, he has a better understanding of the situation down there than had most of his predecessors. He says he bears the lawmakers no ill, and he acts as if he

What about their attitude toward him? Some of the southern Democrats, while not actually disliking him, are bitter.

As for the Republicans, one hears talk among them that Mr. Truman has become "cocky."

That is correct, only the phrasing is off. He is cocky, very much so, but he has been for a long time. He was that way even when his political stock was at rock bottom. He's the man who, just about a year ago, stood up before a gathering in the Hotel Mayflower and said: "There's going to be a Democrat in the White House for the next four years—and you're looking at him."

The biggest change in Mr. Truman came, not after his election, but in his first year in the White House. At the outset, he complained about the fates that had landed him there, and referred to the mansion as a jail. His embarrassed aides used to call this his "hair-shirt talk." Somewhere along the line—it was about the time that Russia got rambunctious and strikes began to plague the land—he decided that it was time for him to start acting like a President.

Although he is the hardest-working man in Washington, Mr. Truman still manages to get in some reading—much of it dealing with American history and the experiences of his predecessors in the White House. He is, therefore, thoroughly familiar with the long-drawn-out struggle between the Chief Executive and Congress.

If he is tempted to chafe at times, he can console himself with the thought that Lord Bryce, back in the 1870's, found that a presidential message to Congress had no more effect "than an article in a prominent party newspaper."

Mr. Truman was recently talking about his differences with Congress and the conflicting remarks of newspaper columnists thereon.

"It's a wonderful country," he concluded.

EDWARD T. FOLLIARD



It took all the courage I had to face Charley

FIFTEEN MONTHS AFTER Charley was hurt in a car smash-up, we had a meeting in my office to decide what to do.

Charley had been our sales manager for twenty-two years—a "stemwinder," too. Ours is a small company, as corporations go, and we didn't have an assistant sales manager.

So we had to hire another man to take Charley's place when the doctor told us he would be laid up for a long time—perhaps for good.

Finally, we reached a decision about Charley's pay and I went to see him the next day.

It took all the courage I had to face him—to tell Charley we couldn't keep on paying his full salary.

What we had decided we could afford won't even begin to take care of Charley and his family the way they had lived since he bought that big house, back in '37. But even what we are going to pay is enough to be a serious drain on our payroll.

In that same meeting we had about Charley, we decided to ask our Travelers man to set up a Business Accident Plan for our key men.

Our plan is in effect now. And although it's too late to help Charley, we have made sure that a situation like his will never again come up in our organization.

Policies issued under a Travelers Business Accident Plan cover all accidental injuries —on the job and off.

With this plan, your key men are assured that medical expenses will be paid and a weekly income provided in case they're injured. If the injury puts them on the shelf permanently, they're sure of an income for life.

You benefit in a business way because you never risk the unproductive drag on payroll that continuing the salary of an injured man involves. And think of the deep-down satisfaction you'll get from knowing that you've done so much to make sure of the financial security of the people who work for you!

Business Accident Insurance is only one of several forms of employee insurance protection that The Travelers, pioneers in employee insurance, have developed to suit the needs of big and small companies.

Why not talk over your employeeinsurance needs with your Travelers agent or broker?

On all forms of employee insurance and group pensions you will be well served by

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The Travelers

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut. Serving the insurance public in the United States since 1864 and in Canada since 1865.

Must We Curb Success?

By RALPH E. FLANDERS

United States Senator from Vermont

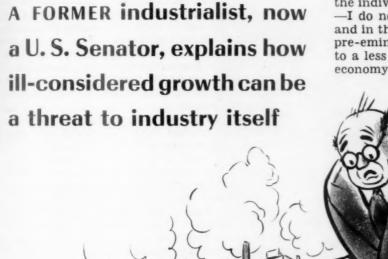
AST December a subcommittee of the Congressional Joint Committee on the Economic Report held a series of hearings on corporate profits. The subcommittee heard economists, accountants and labor leaders, as well as business men. Much valuable information was gathered.

Among those who testified was M. E. Coyle, executive vice president of General Motors Corporation, who represented his company at the hearings. In the course of examining him I said:

"You represent, I suppose, the greatest economic empire in the world, and it has not grown, in my judgment, by unfair competition; it has not grown by the holding of limited natural resources; and it has grown, so far as my knowledge and judgment go, simply by good business management and open competition.

"If we add to the General Motors operations the du Pont operations, with which they have some sort of tenuous financial connection, you have the biggest set of business operations that the human race has ever seen. You are still working efficiently, and it looks as if you were still going to grow and grow and grow.

"I cannot conceive, from what I look at, by and large-I do not mean the individual situations, the individual instances and individual mistakes -I do not see but what you have grown fairly and in the service of the public. Yet your history pre-eminently, and that of other large companies to a less degree, seems to be leading us into an economy of great economic empires, and that





poses problems with which this Congress will ultimately have to deal in ways which I cannot foresee at present."

Concentration of economic power can be found elsewhere than in the automotive industry. In a very few fields it is greater. As to the general situation, it is customary to refer to the figures in the prewar report of the Temporary National Economic Committee:

1. One tenth of one per cent of all corporations owned 52 per cent of the total corporate assets in the United States.

2. Of all goods manufactured in the United States, 58 per cent (measured on a value basis) was produced under conditions where the four largest producers of each product controlled half or more of the market for that particular commodity.

A recent report of the Federal Trade Commission on the merger movement has this to say:

During the current period, 1940-47, more than 2,450 formerly independent manufacturing and mining companies have disappeared as a result of mergers and acquisitions. It should be emphasized that this is a minimum estimate, since it is based upon a sample drawn principally from reports of acquisitions of the larger corporations, as published in the leading financial manuals. The asset value of these 2,450 firms amounted to \$5,200,000,000 or roughly 5.5 per cent of the total of all manufacturing corporations in the country during the wartime year of 1943.

Needless to say, there have been similar concentrations in the distributive and service fields.

But to take General Motors, as representative of bigness, per se, and then to discover that it has grown fairly and in the service of the public, how can we conclude that the concentration of industry into vast economic empires will create problems of sufficient urgency to merit action by Congress?

What is there about bigness itself, apart from monopoly or other unlawful action, that makes it dangerous to the public interest, actually or

potentially?

Admittedly in motors—and the same is true in many other industries—the units must be large. There is a certain minimum size below which an automobile plant cannot go. It must have an output large enough so that all the important operations involved are continuous. You just cannot have a small, successful automobile business. The cars would cost too much and no one would buy them.

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Normally, the auto industry lives and operates in a buyers' market. It's safe to predict that it

will again.

We, the purchasing public, have had a choice of makes and styles and engines and gadgets. As customers, we have been satisfied that the industry was meeting the conditions of competition. We know, too, that the various divisions of GM have been competing with one another, as well as with other manufacturers. In my opinion, this very internal competition has helped to make GM an efficient producer.

The question then arises, naturally: In view of its lower-cost production and, presumably, distribution, why doesn't GM further lower its prices on cars? It could do so and still enjoy a satis-

factory profit range.

Well, why shouldn't General Motors cut the price on its cars since it can? I do not read the mind of the management, but I can imagine that they have, as I would in their place, some concern about being too successful. Should they lower their prices to a point where competing car builders, not meeting the prices, found it impossible to operate profitably, they would go down and GM would go up. The fact that for more than ten years the corporation has kept its share of the total production at around 40 per cent would seem to indicate that management does not think it wise from a public relations standpoint to grow much larger relatively to the rest of the industry, even though it might be entirely possible to do so.

Another social service the corporation might perform would be to raise wages. It could probably pay higher wages than its competitors and

still remain in a desirable profit position. But again the subject of relative size comes into the picture. Should GM raise wages, the unions might very well insist on the same wage scale from the independent companies, which would have a lower margin of profit to cushion the impact. They would thus be forced to raise prices, which again would tend to make them smaller while the corporation grew larger.

Thus, the situation in the auto industry would seem to indicate that a "follow the leader" condition obtains. As a business man, were I an independent auto manufacturer, I would have neither the inclination nor the hardihood to price out-

(Continued on page 62)



Revolution on the Skyline

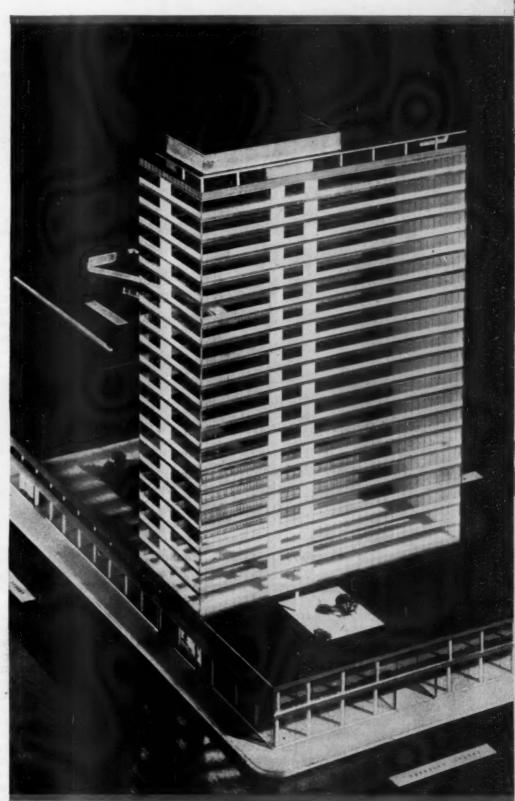
By ARTHUR BARTLETT

YOUR OFFICE building of tomorrow will provide new standards in comfort and in business efficiency

OU DRIVE downtown. You turn into what seems to be a big garage. You drive up—or perhaps down—a ramp, and park your car in its accustomed space. You step on an escalator, and ride up to the garden.

Garden? Yes, that's where your office building is—in a landscaped garden, up above the busy street. The structure on which it is built covers the whole lot, but only to a height of three stories. That part of the building, except for stores and shops on the street level, is all for parking. Here on the roof of the third story is the garden, with grass and trees and pools, and in the center of it, covering only about an eighth of its area, rises a straight, 40 story shaft of metal and glass-an office building so modern that even the windowwashing is done automatically, by squeegees running on tracks around the whole building.

That is the office building of tomorrow as visualized at a recent meeting of the National Association of Building Owners and Managers by Nathaniel A. Owings of the Chicago architectural firm of Skidmore, Owings & Merrill. "A botanical garden building with flying window-wipers and a grass-covered parking lot," was the facetious comment of a leading building industry engineer, George R. Bailey of Chicago, as quoted in the National Association's official publication, Skyscraper Management, But the hardheaded engineer has-tened to add seriously: "Who knows, in 20 years we may enjoy the presence of many such projects within our cities, and live to see their third level esplanades connected by bridges across the streets



HICAGO ARCHITECTURAL PHOTO

Construction of one of tomorrow's buildings is under way in Chicago. Shown is a drawing of the future 20 story shaft of metal and glass



DEARBORN-MASSAR

Many builders regard the Universal Pictures Building on New York's Park Avenue as a preview of the future

The headquarters of the United Nations Secretariat now under construction will embody many innovations

> so that we may move from building to building with only the beauty of fountains, flowers and fir trees to distract us, instead of the nerve-shattering scream of traffic.

> If it all sounds like a dream, interviews with many leading architects bring the assurance that the office building of tomorrow is, indeed, going to be something out of dreams—dreams tempered by solid business sense and made to come true by sound engineering. Everything about Owings' dream building, as a matter of fact, is based on engineering advances that already have been achieved or are definitely in sight. The office building of tomorrow may or may not take the exact shape of that particular dream in all its details, but it will set new standards of efficiency and comfort for the business men who will spend a good half of their waking hours in it.

Americans always have pushed the future hard in building their business quarters. Back in 1878, a pamphlet about Chicago included a description of what was then "the new Singer Building" at State and Washington Streets. "No such an edifice has ever before been erected for purely commercial purposes," it declared. Built of limestone, "highly cut and exceedingly ornate," and "surmounted by a bold Mansard roof, in the best and most perfect style," the six-story structure was "beyond question," the pamphleteer pronounced, "the finest mercantile palace in the world." Probably it was, but Americans were not long content to do their business in mere palaces, no matter how ornate.

They dreamed up the skyscraper—a futuristic American dream if there ever was one. But it came true, because American engineers had the knowledge and ingenuity to match the imagination of American architects and the financial courage of American business men. And the skyscraper became this country's most distinctive contribution to world architecture.

By 1902, when the Flatiron Building was finished in New York, its builders could proudly declare: "It is the cumulative result of all that is known in the art of building, and is equipped with every conceivable convenience that human ingenuity could devise." The six "rapid-running" hydraulic elevators and the steam plant "furnishing heat to tenants free of charge" seemed, indeed, the last word in modernity.

As of that day, they were. But Americans kept right on shattering old precedents and setting new standards. The Empire State Building...Radio City... the Pentagon. These and many others made the



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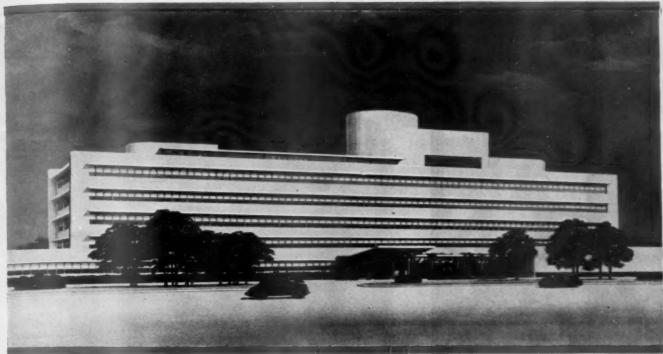
futuristic dreams of one day into the commonplace scenery of the next.

That is the way we are in this country. It is something to bear in mind when thinking of Owings' dream building and the future-pushing ideas of other leading architects.

Only yesterday, for instance, air conditioning was a revolutionary development. Today we take it so much for granted that it seems almost superfluous to mention that the office building of tomorrow will be completely air-conditioned. Nevertheless, that is one of the most important facts about it, architects say, not only because of the direct contribution of air conditioning to efficiency and comfort, but because many other developments are and will be based on it.

When Wallace Harrison, chief architect of the United Nations, thinks of the office building of to-

NATION'S BUSINESS for May, 1949



LOUIS H. DEEYER

morrow, he thinks partly, he tells me, in terms of a refrigerator. With air conditioning, it is even more important, from the standpoint of maintenance cost, to keep hot air out in summer than to keep cold air out in winter. Thus the walls of an air-conditioned office building should be insulated and sealed as tightly as those of the refrigerator in your kitchen. Conceivably you could build a refrigerator with bricks or limestone or marble, but obviously metal is much more efficient for the purpose; and that is one of the reasons why Harrison has been one of the pioneers in the use of metal instead of masonry for office building walls.

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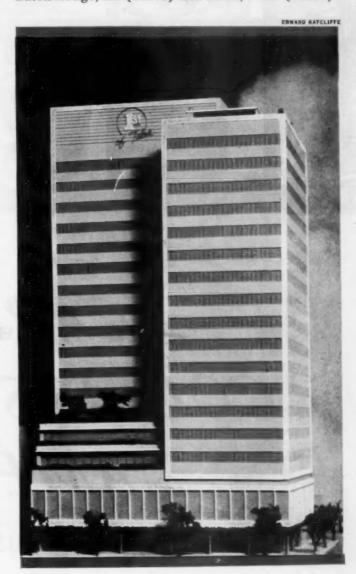
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The United Nations Secretariat Building, upon which work has been started, will be the first building in New York with walls entirely of metal and glass; and Davenport, Iowa, already has an office building, designed by his firm of Harrison and Abramovitz, in which aluminum takes the place of masonry. There are other reasons—of which more later—why architects are thinking more and more in terms of metal instead of masonry, but it is definitely one of the trends of tomorrow on which most of them agree.

Air conditioning is even more fully the basis of Owings' "flying window-washer" idea. In an air-conditioned building, it is unnecessary—even inadvisable—ever to open windows except to wash them on the outside. Some recent air-conditioned buildings even have been equipped with windows that lock, so that only the window-washer can open them. The United Nations Secretariat Building will have reversible windows—double-paned, incidentally, for insulation—so that they may be turned inside out, and washed from the inside. But such a gadget as Owings suggests would make it possible to have windows that never open at all—a saving in construction cost to the building owner, and a boon to the office occupants who would never be inter-

rupted at a busy moment by the man with the pail. Air conditioning and modern lighting—in which great advances have also been made in recent years and are still being made, though most of us take it even more for granted than air conditioning—are, (Continued on page 82)

Examples of the trend in architecture are found in Baton Rouge, La. (above) and Tulsa, Okla. (below).



NATION'S BUSINESS for May, 1949







SUGAR 52%







COCOA 100%



SISAL 100%





WE DEPEND ON OTHER LANDS

CARTELS COULD STRANGLE AMERICA

By JUNIUS B. WOOD



LIKE giants licking their wounds before returning to battle, international cartels are raising their heads from the ruins of war.

These Goliaths of world trade, their astute strategy cloaked in secrecy, are now mysterious but dominant factors in the world's hopes and efforts for a permanent peace. In their individual fields, they are world governments by their own right and, in many of those countries which they call home, the actual power over the state.

In the moves made so quietly behind the open conferences, the United States is caught in an amazing position. It is the healthy host on which cartels fatten and profit. Our generous billions are rebuilding European nations that wage economic war on us through powerful international cartels which soon can—and some already do—have their former stranglehold on American security and economy. The appeasement of peace is more bizarre than that of war.

Scholars and diplomats can interpret the issue as an academic test to decide whether free competition—the economy of American democracy—or monopoly which is encouraged and fostered

by European governments will survive in the world. To our Government attempting to stockpile strategic materials for defense, to manufacturers at the mercy of foreign cartels for essential raw materials, to the merchant and business man and to the millions of Americans who pay the bills, it is not academic but real and vital.

Chaste diplomatic language shuns the word "cartel" as suggestive of evil. "International commodity agreement" is preferred but it means the same. In the plain language of the United States, a cartel is a monopoly, forbidden by law in this country. When the monopoly is in more than one country, it becomes a cartel. An American member of a cartel can be prosecuted under antitrust laws but most other countries encourage and protect them. They are old in Europe, the first in 1470, when Pope Paul II and King Ferdinand of Naples outlawed competitors and pooled production and profits of their alum mines to fight the Turks and Hussites.

If the United States were practical as well as a good-natured Santa Claus to the world, it would not be a willing victim of cartels which threaten its material well-being. The issue will come before the United Nations. Given the cues by their profitable cartels, nations will vote together. The inclination of the world organization will be to strip the United States of what defensive weapons it has against the powerful combinations. The United States must make its own fight.

Cartels to control manufactured products are the most numerous but the United States with its inventive genius, private initiative, free competition and industrial development knows how to cope with them. The situation is different in the face of world cartels which monopolize the production and distribution of raw materials. American private ingenuity has found substitutes for many basic commodities but the fight to get fair treatment for American producers from raw material cartels must be made through our Government.

The United States is wholly dependent on imports from abroad for many of the raw materials necessary for industry and daily life. Organization setup, sources, methods of operation and attitude towards the American market differ for each cartel. Brief sketches of several of the most important show the complicated workings of all.

Tin: No tin mines are in the United States and all is imported, either ore or in bars. Even with such substitutes as electroplating, aluminum foil, ball bearings, plastics, cellophane, glass, paper and non-coated containers, this country needs half the world production of tin or, on a per capita basis, ten times that of any other country. Mines are in Bolivia, Malaya, Dutch East Indies, Indo-China, Thailand (formerly Siam), Nigeria, Belgian Congo, Portugal and Cornwall.

The International Tin Committee, a cartel of governments—Britain, Holland, Belgium, Bolivia, France and Thailand—controlled 90 per cent of the world's tin until dissolved Dec. 31, 1946. It so effectively blocked our Government's prewar at-

tempts to stockpile tin—indispensable for armaments—that Prof. K. E. Knorr wrote: "Civilization may be liquidated but not the tin producers."

As a war measure, our Government built a smelter and refinery at Texas City, Texas, in 1940. Congress has decided to keep it in production until June 30, 1951. The Tin Processing Corporation, a Dutch concern, is employed to operate the plant. This same company has charge of the Dutch Government's East Indian tin properties but no criticism is made of its operation of our plant.

The big grief of our Texas City plant is that it cannot get enough high-grade tin concentrates from



For some, the U. S. and ERP are tops so long as nothing is asked in return

the tin-producing countries to run at full capacity though the owner of the plant (U.S. Government) is financing those countries. The plant gets most of its ore and bars from the Hochschild, Armaya and smaller mines in Bolivia. The output of the larger Patino mines—basic wage \$90 a year—goes to that corporation's smelters in England. Tin mining by dredges in the East Indies, though crippled by Japanese destruction, is cheaper than the deep shafts of Bolivia and the ore is higher grade, making the Bolivian ore doubly expensive.

Since the announced dissolution of the tin cartel, control and distribution of the world supply operates in the framework of the United Nations. A 14 vote study group—Australia, Canada, India, Malaya and Nigeria, United Kingdom, France, Belgium, Netherlands, Italy, Czechoslovakia, Bolivia, China, Thailand and United States—has \$40,000 a year for a secretariat in The Hague and a monthly bulletin. A Combined Tin Committee of eight—Canada, India, United Kingdom, France, Belgium, Netherlands, China and United States—is in Washington.

The study group keeps abreast of the world tin situation; production, smelting and consumption. With its estimates for a coming year, the Tin Committee meets each Jan. 1, and allocates the expected surplus output, but only of bar tin, to different countries. Although it does not fix prices, limit production or decide who shall sell to whom, the United Nations' Tin Committee has the practical effect of a tin cartel on which the United States, the only nonproducer, is entirely dependent for this industrial necessity. It shows how this country can fare in the United Nations.

The quota of bar tin allocated to a country is what the committee decides the country needs, not what it wants. A producing country also can hold as much bar tin out of the surplus pool as it wants for its own use. It can sell crude ore without consulting the committee. This means that,

as long as the United States is a member of the Tin Committee, this country is held down to a ration of bar tin but can buy crude ore from whatever countries will sell. The Reconstruction Finance Corporation is the exclusive buyer and no private import licenses are issued.

Bar tin is so compact and valuable that smelter-owning countries have severe penalties for smuggling or bootlegging. Tin ore, on the other hand, contains such a high percentage of waste that shipping it across oceans to a smelter, as the United States must do, is a big expense. If this country were assured of an open market to buy bar tin, free from cartel or United Nations control, it could shut down the expensive Texas City smelter.

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The richest tin mines are owned by governments. If these monopolists, now operating in the United Nations, won't give the United States more tin as a partial return for its loans—a private pensioner might offer to mow the lawn—they might, at least, permit us to build a smelter near their tin deposits to

(Continued on page 67)



You Can Win a Bout with Gout

By AMY SELWYN

MOST of last year, Joe Parks was a frightened man. But he made sure no one knew it. He was more playful and good-humored with his kids than he'd been for years. He showered his wife with so many sweet words that she was positive he must be breaking all production records down at the plant. The men at the plant, who knew otherwise, were sure his wife's uncle must have willed him his Arizona ranch.

But when Joe was alone, he was afraid. How would he be able to take care of his family when he had to give up his business? What had been the use of pushing so hard for 25 years to make something of his life, when now he'd have to spend the rest of it in a

YOU ARE more likely to get arthritis than any other ailment during middle age. But, don't abandon hope if it should attack you

wheel chair? Or maybe his arthritis would get so bad he wouldn't be able to move from his bed. He kept thinking of the fellow he used to know, who'd been quarterback on their college team. Arthritis had kept him flat on his back for 15 years.

Today Parks acts no more cheerful than he feels but he feels fine. He expects he's got 20 good and active years ahead of him, maybe more. All he kicks about is that he

let himself worry about his arthritis so long, and so needlessly.

Joe was not cured by some worldshaking new drug. There is no such thing. He was fixed up by simple and conservative measures, some of which have been known for several years. What helped him almost as much as his treatments, though, was getting to understand the true facts about arthritis.

Like most people, he had always had a lot of wrong ideas. Till last year, for instance, he'd always figured that arthritis was one thing he'd never have to worry about. Aside from his college chum, the only arthritics he'd ever known had been pathetic old crones with a weird knack for prophesying changes in the weather.

Joe had no way of knowing that he-like all middle-aged menstood a higher risk of getting arthritis than practically any other disease. All over the United States, arthritis is the most common chronic ailment. You're twice as likely to get arthritis as a heart ailment-three times as likely to get arthritis as a nervous or mental illness-seven times as likely to

get arthritis as cancer.

Like most victims, Joe didn't guess he had arthritis till long after the first symptoms hit him. He thought maybe he was just tired that morning early in 1948, when his whole body seemed strangely stiff. His fingers were so tense it took him several minutes to button his shirt. When he bent down to tie his shoes, his knees crackled sharply. His ankles were a bit swollen, too. During the day, he began to feel better. By the time

that arthritis invariably begins that way.

A month or so later a heavy snow fell during the night. Joe dug his car out O.K., but as he was driving downtown, his fingers and knees suddenly swelled up and hurt so much he had to leave the car at the curb. The smart thing to have done then would have been to see a doctor. But he felt too sick and worried to think straight. Anyway, he knew all too well that once arthritis gets its clutches on you, nothing can help you.

That's where Joe made another mistake. There wasn't even a slim chance that arthritis could make a hopeless invalid out of him. There isn't much chance that arthritis will do that to you, either.

This doesn't mean that arthritis can never cause painful crippling. There is one kind-rheumatoid arthritis-that can get so painful that sufferers have preferred death. Rheumatoid arthritis can freeze a man's spine so he can never stand up straight again. But if you're more than 40 you don't have to worry about rheumatoid arthritis. According to Dr. Philip S.

symptoms at all. He didn't know tim feel tired, prevent him from taking strenuous exercise. It may make it tougher to concentrate on a job, may make him blow up more readily at people who annoy him.

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Also, the longer you have arthritis, the worse you're likely to feel unless you hustle to a doctor.

Most people think there is no effective medical treatment for arthritis. Many arthritics have resigned themselves to years of discomfort when they might have had help, perhaps complete relief, if they'd gone to a doctor. To be sure, doctors haven't always known how to treat arthritis. But now they know enough to provide successful treatment for at least eight in ten of its victims. Yet, according to a recent health survey, less than half the 7,000,000 arthritics in the United States are now under physicians' care.

Actually, many of them are spending much money and energy chasing a cure, but their chase never seems to lead to the right place. Not long ago a Georgia man ran screaming into a local hospital, begging doctors to do something about the mass of bee stings that covered his body. Somebody had told him that bee venom was perfect for arthritis. (It isn't.) Other desperate arthritics have swallowed quantities of foul-tasting herbs, or had their teeth yanked out, or bathed every night in a combination of Epsom salts and lemon juice in a vain search for relief. Many men have given up successful businesses to move to a warmer, drier climate, but few of them have managed to leave their arthritis behind.

The ironic thing is that if a doctor had had a chance to treat them. they would almost certainly have found the prescription easier to

If your doctor finds you have osteoarthritis, the first thing he'll probably tell you will be to go home and lose a few pounds. Just how osteoarthritis is related to overweight is not fully understood, but it is agreed that you're not so likely to get it if you're slight or thin. At least half of the osteoarthritics in the country are ten to 15 pounds overweight. Twentyfive per cent of these are 25 to 30 pounds overweight.

Next, the doctor will probably start correcting your posture. A specialist who has treated hundreds of osteoarthritics said recently that he'd never seen one who knew how to stand straight. Almost always, they walk around with their shoulders slumped or their stomachs sagging. Corrective



he quit work, his legs and fingers felt fine. Just to prove he was O.K., he stopped off at the gym on the way home and played handball.

Every morning for the next three weeks, Joe woke up with the same stiffness in his joints. But the discomfort always passed off during the day, so he never became overly alarmed. He was even more convinced that there couldn't be anything really wrong with him, when for two and a half weeks he had no

Hench of the Mayo Clinic, a specialist on arthritis and related diseases, nearly all rheumatoid arthritis victims are less than 40 when first stricken by the disease.

If you're slated to get arthritis, you'll probably get either what's called osteoarthritis, or gout, More likely it will be osteoarthritis, since that's much more common. Joe had osteoarthritis.

This disease does cause pain and limit motion. It will make the vicexercises to improve posture are an important part of the treatment of osteoarthritis.

Beyond that, all you'll have to do is report to the doctor's office once or twice a week for heat treatments and massage. That's to relieve pain and stiffness, and to restore circulation in the affected joints. Osteoarthritis gets started in the first place when there's a deterioration in blood circulation in one or more of the body's movable joints. This causes the tissues surrounding the joints to weaken and grow thin. At the same time, bones on either side of the joint automatically grow over the weakening tissues, as if to make up for the loss. It's this "overgrowth" which causes the characteristic stiffness and swelling.

In advanced cases, where there has been much of this overgrowth, it may not be possible to restore the joints to normal function without surgery. Thanks to recently developed techniques, though, this type of operation is almost always successful.

Even when an operation isn't needed—and in most cases it isn't—you shouldn't expect to feel better overnight. Osteoarthritis stops as slowly as it starts. It may take months, perhaps even a year, but you can count on feeling better all along, especially if you're convinced that you're going to. A significant thing doctors have learned about arthritis is that patients improve much faster when they're optimistic about getting well.

A New York specialist told me recently about two victims who first appeared at his office about 18 months ago. One was a doleful fellow whose wife had just left him and who'd also discovered that his business partner had been embezzling sizable sums from their business. The man followed the doctor's orders to the letter, but it was plain he was convinced no good would come of it. Today he's no better than when he started. The other fellow, who immediately caught the idea that he could be fixed up if he'd offer hope along with cooperation, was much improved inside of six months.

Could be, too, that your state of mind may have a lot to do with whether you're slated to get arthritis or not. At least it has been proven that the majority of victims of arthritis are troubled, unhappy people who are bothered by emotional disturbances of one sort or



One man found out bee venom is no cure for arthritis

another. A few years ago, when Dr. Stanley Cobb of Harvard University questioned a group of arthritis patients, nine out of ten admitted they were unhappily married, or had serious business worries, or were troubled about sexual impotence, or felt guilty over extramarital affairs.

Of course, arthritis isn't the only disease that is associated with emotional conflicts. What seems to distinguish arthritis from the rest is that the typical victim does his best not to show the world how troubled he is. As one doctor put it recently: "I've never seen an arthritic who wasn't proud—perhaps too proud for his own good."

He tells of the case of Will James, treasurer of a New England paper box concern. Everyone around the office knew Will as a stiff-necked, sober fellow who bent over backward to be honest and conscientious. He never gambled, never lost his temper. He never gossiped or complained about his private problems in public, even though everyone knew his wife had been seriously ill for years.

Even when he was stricken with arthritis, he was still first to get to the office every day, and almost always the last to leave. When his wife died, Will took just one day off. He hobbled in bright and early the next morning, still smiling his tight, little smile. It took months for the doctor to get him to unbend, to spill out his troubles. After that his treatments began to take effect.

If Will had unbent a long time before, is it possible that he never would have gotten arthritis? Which comes first, stiffness in the personality or stiffness in the joints? Many doctors have been pondering the question. Here's how Dr. Edward Weiss of Temple University in Philadelphia sums up prevailing opinion:

"Some doctors say that if a man develops such a discomforting disease, it's no wonder he can't relax. Others claim this is placing the cart before the horse. Arthritis, they say, is almost always the result of certain strong emotional responses which arise within the individual and influence the function of his joints."

Most doctors, however, appear to agree with Dr. Weiss's own finding: "Many factors produce arthritis, of which the emotional or psychological factor is only one. In some cases, it appears to be missing altogether; sometimes it's of secondary importance; sometimes it's unmistakably most important."

Doctors have also begun to recognize that gout, too, may result from deep-seated emotional disturbances, which its victims don't admit or don't recognize. In studies of gout victims, doctors have found that they, too, are most likely to be men with a strong sense of responsibility.

The onset and intensity of gout, like osteoarthritis, often seem to parallel the highs and lows in a man's emotional state. One man



Old Sailors Never Die

By CHARLES RAWLINGS

An old man can sail a racing boat. He can sail it so enthusiastically and get so much pleasure out of it, winning or losing, that the little centerboard fleets of the country—the Comets, Snipes, Lightnings, Penguins, Hamptons, 14 foot Internationals and all the rest of the flirty, flighty little classes of sail—want more of him. They are not gold-digging either. They want him for himself alone.

There is a great movement of Americans on both coasts and the many lakes to get afloat and sail. YOU, too, can enjoy the fun and excitement of sailing. And you don't need a classy yacht

Last year was yachting's greatest despite peak costs of everything and a tight boat market. There is a place in this booming sport for the man of 50 to 60, particularly in the little classes. A man, say, ready to retire and looking for a hobby but who has never thought about sailing before or, if he has, has been frightened away by the feeling that the sport belongs only to youth, that he is too old to begin now.

"The little boats, eh?" the doctor said.

He is a good doctor. About half the heart murmurs on Long Island Sound check in with him. He is a member of the Cruising Club of America. Last season he sailed his own cutter around Newfoundland. Name on request. Doctors are funny that way.

"Let's see," he said. "Peak loads are what we worry about. No anchors. No heavy sheets. Plenty of hands around to help him launch and haul out. No getting caught out in weather and having to take it longer than the time it takes the committee boat to cut across the course and get him. If he's got a belly and can't fold up to fit in a Snipe the first time he tries it, he'll get it off a lot quicker for the Snipe than he would for me or for his wife. Sure! Tell him to see his own doctor. He should anyway at 50. The doctor may not know about sailing but tell him if he passes him for golf, he can sail."

"Class it with golf?" we checked.
"Yes. The man has to have some sense. He can hurt himself sailing, if he's a fool. Hurt himself in golf or in a hot-tempered game of cribbage."

That settled, a 50 year old man will not be done with his qualms. He will have an inferiority complex, bashfulness to overcome. An

old cock like me wanting to sail a boat with a lot of kids. He can give himself a treatment for that on a Saturday or a Sunday. Dressed up in a topcoat and a felt hat that will blow off unless he holds it or just a hat that will blow off if it is the summer season, he can drive along the shore road until he hears laughter and happy shouting coming up from the beach. There will be the little or the big yacht clubhouse or maybe no clubhouse at all. There will be some sort of wharf. It will be a gay place. Beam to beam, some on the wharf, others afloat alongside, will be the little hulls painted every color of the rainbow. What the fabric and sport tog designers have done for a sailing gal's slacks and jumpers and hats shouldn't happen to a peacock. But they have made them so they look just as cute wrinkled as they do pressed, and cutest of all with a good sailor's wet stern, and they are an accepted part of the centerboard scene. The other voluble element will be the boys; a background of sweaters and pullovers and dirty duck slacks and masculine dominance, or the air of it as becomes the male.

It will be about 20 minutes to starting time and there will be much fussing with rigging, a checking of shrouds and stays and a reeving of sheets. Canvas will be coming out of bags and going aloft with a rattle of fittings on mast tracks and the whine of halyard over sheave. There may be a minute or two, if the weather has been damp and it is a smart move to get canvas bent early and dried out, when the whole picture will be crowned with its canvas, fluttering free-sheeted, whispering, snapping in the wind, luminous with sun; a beautiful, bannered scene.

About now our man should see



guy with gray hair like himself. There is at least one in every fleet. He has just pushed back his cloth hat to squint up his boat's mast, otherwise it would have been hard to have guessed the color of his hair. He is slim and weathered and moves easily. It takes a second look now to be sure he is much older than the sweatered kid crewing for him, his son probably. Our landlubber must go over and say hello. The gray-haired man will not have time for more than that for he has to get out to the starting line but he'll be back in after the race. The chances are that four or five years back he was standing just where our 50 year old is now, wanting to ask the same questions. Now he has the answers.

In the meantime the would-be sailor can watch his boat. Say, 'There with the grace of God go I. The fleet, out now where the race committee boat is marking the line, is jockeying for position in those nervous seconds before the gun. To a novice it is a confused willy-nilly scene until suddenly order comes out of its chaos. Like butterflies governed by some group spirit calling them all together for mass flight, the little boats swoop in and knife for the line. The grayhaired man is standing well into the fleet. There are boats on top of him but there are boats under him, too. He comes over on port tack, frees his wind and settles down to sail his own race up the weather leg and no tomfoolery. He is going good. A man to be proud of.

What he will tell our 50 year old

something to put heart in him; a after the race will no doubt be as comforting as it is fascinating. It is easy to enter the sport in the little classes. Which class makes slight difference. They are all good. Most men pick the one sailing nearest home. A postcard to any of the boating magazines will put our man in touch with his chosen class. Its headquarters will tell him how to do the rest. He can spend from \$500 to \$1,000 on his boat if he has her built. Or he can get a set of plans from headquarters and build her himself for \$350-save for a Lightning, which because of her size, 19 feet over-all with a six foot beam, costs more.

Money alone does not seem to make much difference. No sport in the country is as simon-pure amateur. Even the boats are little amateurs in themselves. The percentage of "barn-builts" in all the classes stays fairly constant at 25 per cent. A good portion of them are always well up among the leaders. Last year's Comet national champion was built in a third-story playroom by a father and son. The answer, of course, is a rigid adherence in each class, to its own onedesign. That means that every Comet, for instance, is built within tolerances of only fractions of an inch off the master Comet plan.

Not that there is no difference boat for boat. There is, but it is something that cannot be defined. It is that subtle, mysterious personality that every boat is endowed with when she is launched. In the centerboarders, because they are so small and the measurements, materials, even the weight of screws

and rivets can be kept so identical. that personality is a mysterious business. But it is fascinatingly there. Our man can be comforted. however, by the knowledge that his boat, no matter who builds her, will have just as much chance of possessing a little super something to make her great as anyone else's And vice versa.

We tracked down some men who started sailing late in life when we made the rounds of the small-boat headquarters. Most of the centerboarders are organized in fleets. the fleets into regions of fleets and the regions into the parent national associations. They sail that way. Fleet winners are eligible to enter regional races, regional winners to sail for the national championship.

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D. Verner Smythe, a New York patent attorney, is president of the Comet Class Yacht Racing Association. We asked him if a 50 year old man who had been passed by his doctor and had been hanging around a wharf until he had caught the small-boat sailing fever could go for a sail? He pushed a button and called in his secretary and dictated:

"Anyone wishing to take up sailing, regardless of age, will find plenty of help from Comet class sailors and officers. On their behalf, a hearty welcome is extended to all and particularly the older men and women."

"Want 'em?" he said when she had bustled out to type that invitation. "Of course we want them. They are the ones who never quit. They sail hard and then harder

(Continued on page 85)



NEITHER ROGER NOR WILCO

By WILLIAM J. SLOCUM

N 173 years, no nation has been able to defeat the American military establishment. To that perfect record may now be added the name of still another victim—the people of the United States.

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In September, 1947, the American people, gazing unhappily into a future of atom bombs and transceanic aircraft, enacted a law which ordained that the American Army, the American Navy, and the American Air Force should unite for the common defense and the common economy. There was also some talk of common sense.

The unification act was passed over the advice and lobbying of the high military brass. But it was passed. It was passed timidly by our elected representatives who were uncertain of their military knowledge but were dead sure our tax structure could no longer support anything but a modern war machine geared to efficiency and economy. We simply could no longer afford the luxury of supporting ancient customs acquired in 1911 at West Point and Annapolis. The men General Eisenhower calls "entrenched bureaucrats" must conform or go the way of horse cavalry and observation balloons. So, for the common defense, the National Security Act of 1947 became the law of the land. After 19 months the Army, Navy and Air Force were disobeying this law in every way short of honorable refusal.

We will spend \$14,300,000,000 for fiscal 1950 on the military establishment. It can be persuasively argued that \$14,300,000,000 is too much to spend, or not enough. But no one can argue that this staggerling sum is not a severe threat to our economy and the very way of life which these billions are to help perpetuate.

Before considering the odd spectacle of military men wriggling out of obeying orders, it might be well to take a look at the order itself.

The National Security Act is a badly written law, fit was written to bring about the unification of the armed forces. The law's greatest weakness is that it is no law at all. It is, in essence, congressional approval of an idea.

The Office of the Secretary of Defense is given the obof making unification work. But the Secretary of Defense is a king without a kingdom. The Secrearies for Army, Navy and Air are not his inferiors. They have been asked, as the law now reads, to listen olitely to anything the Secretary of Defense has to ay. But that is all. Just listen. To date there are no odications that the Army, Navy and Air Secretaries much listening to anybody but their own chiefs staff.

When Secretary of Defense Louis Johnson was

ATION'S BUSINESS for May, 1949

Assistant Secretary of War, in the late 1930's, he had more power to effect unification than he has today. He could then lend Navy a dozen pencils over his own signature. Today any moves toward unification must come after long committee meetings. Because these committees are asked to get together and not told, the separate Air, Navy and Army ambitions and prejudices run rampant over the dire need for universal military cooperation. The few token examples of unification that have occurred are the result of compromise. And compromise, to paraphrase an old joke, is "a helluva way to run a war."

So far, President Truman, the Hoover Commission, the Eberstadt Report, the first Secretary of Defense, and General Eisenhower have called the unification act a good idea but a badly written law. Mr. Truman made his objections March 5 in a mes-



when it was passed less than two years ago, was hailed as a great step toward military unification. However, time has served to show that the Act is, in truth, no law at all, but actually is little more than Congress' approval of an idea



more than \$14,000,000,000 on the U. S. military establishment. This big sum may be argued both for and against, but no one can argue that this amount is not a severe threat to our economy and the way of life which these billions are to help perpetuate

sage to Congress when he asked that the current full Secretaries of Air, Army, and Navy be made inferior and responsible to the Secretary of Defense. General Eisenhower called the law "wishy-washy." The Hoover Commission said that the unification setup "is perilously close to the weakest type of department."

In the course of his tenure Forrestal made two great efforts to persuade the soldier and sailor brass to obey the law of the land. He took them first to Key West and later to Newport for meetings that were held with the secrecy of lodge initiations. These meetings are known officially as the Key West and Newport conferences. Yet to everybody in the Pentagon they are known as agreements. There is no conscious sarcasm in the use of a word that is synonymous to "treaties." Air Force General Vandenberg called them "agreements" to Forrestal's face.

Agreements may be the heart of diplomacy and politics but there is no place in the military for treaties based on compromise. Any corporal who ever tried to come to a compromise agreement with his sergeant can substantiate this.

This tendency to compromise, or stall, is undoubtedly dangerous to the tactical side of getting ready for any eventuality. It is catastrophic to the financial side without which, incidentally, there can be no tactical side. If our talented fighting leaders could rid themselves of their passion for personal

privilege and get about the business of doing the

jobs they swore to do, we could expect some of the following improvements:

Real unification, and with it the means to eradicate duplication of buying and storing, would eliminate the services' expensive luxury of refusing to share, or admit obsolescence of, material. If military inventories were cut ten per cent—and true unification could easily accomplish this—it would reduce inventory investment of public funds \$2,500,000,000. This amount is a bookkeeping figure which is difficult to translate into savings to the taxpayer, but the financial joys of reduced inventories are known to all business men.

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Eradication of such fiscal horrors as the current price of paper work and personnel on items costing \$10 or less. Such items cost more to order and receive than they cost in themselves.

Reduction of personnel engaged in cataloging, buying, storing, and issuing material for the three forces by ten per cent. That would annually save \$26,000,000!

Seventeen standard catalogs list 5,000,000 items purchased by the armed forces. It is planned—read promised—to cut this unwieldy list to 2,500,000 in four years. Remembering the miracles of 1941-45, a span of less than four years, it seems odd that this catalog trimming should take longer than it took to lick Germany, Italy, and Japan. There seems reason to wonder if perhaps an ancient stratagem taught at West Point and Annapolis isn't once again being used. It's called the delaying action.

The military who argue against the financial necessity of unification must justify such cataloging excesses as listing the same piece of equipment for a steam turbine in the same Navy catalog under three different prices. In Navy terminology the piece was described and priced at \$63. As an identical replacement the figure was \$25. But if this piece was ordered under its trade name, the price was \$6.09. If the four-year time span doesn't seem excessive for halving a list of 5,000,000 items, it must be recorded that, in the matter of antifriction bearings, there were found to be 300,000 different numbers (listings) covering 9,000 items.

The brass argues that unification would destroy the morale built by interservice rivalry. I know one officer whose morale would be considerably improved by unification because he would then be able to get the highly specialized services of a doctor who cannot currently treat him because they are in different branches. It is probably academic, but it is ironic, that the officer's medical problem stems from the fact that he was hit by a Japanese bullet.

The service contempt for unification is rarely so clearly shown as in the fishwives' battle between Air and Navy over the rescue last winter of an Air Force crew stranded on ice. Perhaps the Air Force likes to take care of its own; perhaps the Navy was butting in, but in any case it must have been awfully cold. So cold, in fact, that the morale of the stranded flyers would not have been injured seriously had a Navy helicopter been able to rescue them.

Only the Russians and the United States Navy were upset when an Air Force plane circled the globe without landing. Navy felt that it was no collicidence that the spectacular feat occurred just Navy was concluding its Caribbean maneuvers.

The bitterest interservice struggle has been between Air Force and Navy. It is not that Air hate unification the less, but Navy the more. And viet versa. Navy says the Air Force thinks it won the wal and wants to reduce Navy to a second-class power. Air Force has not yet denied winning the war and

adds that Navy is hindering plans to defend the country by demanding planes it cannot use and carriers it cannot protect.

"We have," says the Air Force, "two mediocre air

arms today instead of one superb outfit."

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Navy has been the most adroit of loboyists on Capitol Hill and the weakness of the law as written might easily be traced to the social charm and persuasive ways of the debonair naval gentlemen. Air Force has waged a masterful anti-unification, anti-Navy campaign through its public relations.

Air has the edge in the public relations war. It has a better show to offer and its brass always have had a flair for making reporters feel welcome. Many crotchety admirals and Army generals look upon public relations as a form of brothel-keeping. They find civilianship unforgivable in a man. They also find the things reporters write dangerous to their advancement. Air Force accepts such dangers as calculated risks.

Army's public relations have been routine; its lobbying subtle and effective. Army, of the three, pays greatest lip service to the joys of unification. It just worries a lot about what havoc unification might wreak on certain portions of the community. Army frets because it realizes that, if Navy bought all the tools of a certain design for all the services, such a practice might work hardships on manufacturers whom Navy did not favor.

The problem not only applies to tools, but linens, shoes, coats and just about everything. Army likes to thrash this theoretical problem out with congressmen from tool-making areas, underwear-making areas, shoe-making areas, coat-making areas, and just about every area. It gives many a congress-

man what is technically known as pause.

Former Secretary Forrestal quickly recognized that unification presented a problem in mental rearranging. The individual service rivalries were to be discouraged and all the fighting men must come to be part of a great unit in spirit, as well as in fact.

As part of this scheme of discouraging clannishness, the Air Force was permitted to abandon the colors of Army and design its own slate-blue uniforms for officers and enlisted men. This obvious nove toward mental, as well as physical, unification was announced last Jan. 25.

On March 5, 1949, the day that President Truman vas pleading for stronger unification laws, Secreary Forrestal announced another move designed to ement the three services into a tight unit. The Air Force was entitled to its own West Point or Annapois, the Secretary stated, and he was supporting such plan. Since it takes only about a year to learn to ly, presumably fledgling Air Force men would spend he remaining three years learning to get along with

lavy and Army.

In fairness to Air, Navy, and Army it must be corded that they are united in two things at least. he first is in their obvious hatred for unification. he second is in an abiding contempt for the Munions Board Committee on Facilities and Services, a vilian-military group which looks for savings brough eliminating duplication. It is a recomending committee working through a labyrinth committees to help unify the nontactical, or serce and supply, operations. The Munitions Board dismissed by one ancient chunk of brass thus:

They want to make three services into one. Inead, they wind up with four services—Army, Navy, ir Force—and the Munitions Board."

It is the Munitions Board that could effect the ally tremendous savings inherent in unification, assuming anything is inherent in unification. But it can only recommend. No orders. In Washington alone the Committee (at this writing) has 30 subcommittees and panels. Local studies in consolidation of resources are being made in the field by nine area subcommittees in the continental United States, Puerto Rico, Hawaii, and the Canal Zone. The personnel of all committees is equally divided among the three services and everything must be approved on the Washington level.

So, if the boys in Panama manage to agree among themselves on some saving device, it must survive close examination by ranking brass before it can be

put into effect.

When a subcommittee is examining a possible unification project, a representative of each service speaks. First, he gives what is called the "official viewpoint" of his own service, then he makes recommendations, then he votes. Theoretically, he votes without regard to the ideas or prejudices of his superior officer. Theoretically, too, his only concern is the best interests of the national military establishment. His vote is not secret.

What little hope there is for unification obviously rests among the younger officers. Young officers may be wise and conscientious but they still must eat. The conscientious junior officer must make a report which is known to a superior who will fill out a fitness report about the younger man.

It would be unfair to say that the Munitions Board (Continued on page 75)



THE SECRETARY OF DEFENSE is likened to a king without a kingdom. Army, Air and Navy Secretaries are not his inferiors. They've been asked, as the law outlines now, to listen politely to what their chief has to say. But that is all they are required to do

They Race for Your

By STANLEY FRANK

THE 150,000 people who will descend upon Indianapolis come Memorial Day for the annual 500 mile automobile race will, as always, be unique on two counts. For one thing, they will constitute the largest assemblage of cash customers at a sporting event anywhere in the world. Several English horse races draw bigger crowds, but only the comparatively small handful of toffs in the grandstand enclosure pay an admission charge. All other admirers of man's best friend—especially when a ticket is held on the winning beast—are permitted free entry to the course under ancient laws guaranteeing Englishmen the inalienable right to squander money as they jolly well please.

Indianapolis is more remarkable every May 30 for the mass concentration of happy ignorance it embraces. Not more than one spectator in 500 knows the real purpose that sends the monstrous, gas-eating buggies on 200 careening circuits of the $2\frac{1}{2}$ mile track. A strange, unbalanced group attends the exercises in the morbid hope of seeing a driver killed. The overwhelming number, however, seizes upon the race as the occasion, or excuse, for a sustained spree in which no holds are barred on beer bottles or accommodating blondes. Now we are not putting the rap on innocent pleasure, you understand, particularly when same is conducted in salubrious fresh air, but that is not the object of the race, either.

Only about 300 people appreciate the true significance of the Indianapolis classic. They are the mechanics who prepare the cars for the grind and perhaps 100 leading technical experts of the automotive industry. They realize that Indianapolis has been the most exacting laboratory for cars since the first race in 1911. Men have been killed straining to make Memorial Day a big pay day, but for every life lost on the Speedway, countless thousands have been saved on the highways of the nation.

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If normal maintenance has been given to your car, you can drive it without giving a thought to the reliability of the engine, steering mechanism, tires and brakes. The thinking and tinkering were done for you at Indianapolis, where virtually every important improvement in these vital parts of your car was introduced, tested and checked by heavy-footed racing drivers. Your car also is more economical to run because the consumption of gas and oil can mean the difference between approximately \$45,000 in prizes at Indianapolis and nothing more than a hot, exhausting drive to nowhere. You can buy the safest car in the world because defects, which might not show up for thousands of miles in normal driving but are unerringly exposed by racing conditions, have been eliminated from every American-made car on the road today.

Speed is the magnet that pulls the mob, but it in-

FIRST WINNER:

Back in 1911 Ray Harroun drove to victory in the initial Indianapolis classic in a racer with a rear-view mirror he invented and introduced in that race



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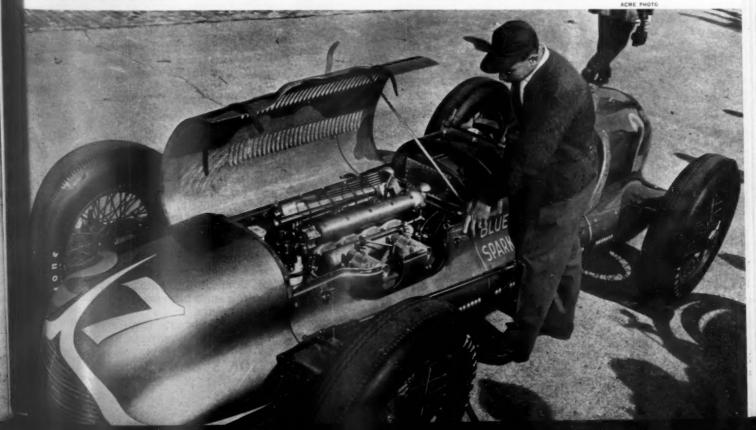
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terests the sponsors of the spectacle only as a peg for publicity. The present record of 119.81 m.p.h., established by Mauri Rose last year, could be pushed up close to 150 m.p.h. by making a few simple changes in the brick track. The Speedway generally is thought of as a saucer with steeply banked curves. Actually, it is a rectangle with curved corners and two straightaways at the far ends only an eighth of mile long. This unorthodox layout never has been changed because it demands, more than any other track, the repeated braking and acceleration which exaggerate ordinary driving conditions.

The driver who wins the first prize of \$20,000, plus 100 for each lap led and about \$20,000 in advertisng endorsements from manufacturers of accesories, must be good and lucky. He also must have car built to withstand terrific wear and tear for ore than four hours of constant straining. Conidering the staggering possibilities of breakdowns ue to mechanical failure and crack-ups attributble to man-failure, when 33 cars commence chasng the big money, there have been astonishingly ew "upsets" scored at Indianapolis. The odds are stronomical against entries from the same gaage coming in one-two. Yet that was the order of nish in 1947 and again last year when Rose and ill Holland, both piloting Blue Crown Spark Plug pecials owned by Lou Moore, led the parade. In



Few garages ever produce cars that finish one-two. The Lou Moore entries came through, however, in 1947 and 1948 with Mauri Rose in first both times



both instances the Blue Crown car was the favorite because it was common knowledge in the shops and pits that it was the sweetest job in the race.

If driving skill alone were the payoff at Indianapolis, Ralph DePalma would have had a personal copyright on the big race. In 26 years in major league racing circuits, DePalma competed in 2,889 races throughout the world and won an unbelievable 2,757. He drove 4,061 miles at Indianapolis without accident, but he finished first only once, in 1915. On four other occasions he led the field by five miles with only 25 to go when his car spluttered and stopped.

TIRES: Tires have come in for rigorous workouts at the Speedway. First the cord, then the balloon



WHEELS:

Wilbur Shaw, right, track president, examines a new independent front wheel suspension system

DePalma's most dramatic run at Indianapolis, one that highlighted the Speedway's contributions to the industry, was made before empty stands in 1937. The old master drove a stock LaSalle 500 miles at an average speed of 82.19 m.p.h. and used one quart of oil. Ray Harroun won the first race in 1911 with a Marmon that averaged 74.59 m.p.h. and consumed 30 gallons of oil. DePalma changed one set of tires merely as a precautionary measure. Bob Burman had to make 40 tire changes in 310 miles in 1911. The list price of the LaSalle was \$1,500; Harroun's Marmon cost \$15,000.

Originally, the Speedway was conceived as a proving ground and show window for the struggling young industry which then was largely concentrated in Indianapolis. Carl Fisher, Jim Allen and A. C. Newby, manufacturers of Prest-O-Lite headlights, underwrote the early races which featured stock cars. The character of the race quickly changed when its mounting popularity and prize money attracted European and native drivers whose specially designed, souped-up buggies gradually forced the big companies, chiefly interested in mass production, to abandon the field to the Specials, which were comprising the bulk of the entries by 1920.

Today it costs more than \$10,000 to hand-tool a car for Indianapolis and it must finish among the first five if the owner is to break even on his investment. If mere money were a guarantee of success, a wealthy sportsman would pick up the marbles every year instead of the former grease-monkey or veteran driver who usually smiles toothily into the cameras to indicate his pride of proprietorship.

There is the classic case of Cliff Durant, son of the General Motors tycoon, who lavished \$100,000 on his Detroit Special 20 years ago. The car twice failed to go the distance at Indianapolis, whereupon Durant unloaded it in disgust to Harry Hartz for \$5,000. Hartz fooled around with the thing and Fred Frame got it across the finish line first in 1932.

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Months before the 33 qualifiers answer the starter's flag on Memorial Day, mechanics labor 12 to 16 hours a day in the shops putting the finishing touches on the cars. A grease monkey with magic in his hands is in as great demand as a hot-shot driver, for the race can be won or lost in the shops. Engines are tom down and reassembled interminably until they have the precision of Swiss watches. Stethoscopes are put on the cars after every trial run in an effort to discover and eliminate the bugs that may cause a breakdown-or even the loss of a second on each lap. More than half the races have been decided by less than 21/2 minutes—the equivalent of less than a second a lap. In ten of the 32 events the margin between the winner and runner-up was less than a minute. The boys cut it fine in 1937 when Wilbur Shaw led Ralph Hepburn to the wire by 2.16 seconds.

Guards are posted to prevent nosey parties from stealing trade secrets, but once the race is run, any speed or safety gimmick that is the product of improvisation or experimentation is made public. The industry has been building such improvements into cars for almost 40 years.

The Speedway's tradition of technical progress was launched in the first race with

Some Facts About HIGH BLOOD PRESSURE

BLOOD PRESSURE rises when a person is active. After the strain has passed, the pressure generally returns to its regular level. If it is persistently and excessively above normal, however, that condition is called hypertension—or high blood pressure. This affects the circulatory system and may lead to serious conditions of the heart, brain, and kidneys.

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High blood pressure itself is not a disease, but a symptom of some underlying disorder. Medical science is constantly increasing its knowledge of this condition, and is striving for improved methods of treating it. Special diets have sometimes proved effective. In a limited number of cases, surgery has been used. Additional research is concentrating on mental and emotional factors. There is also hope that newly discovered drugs may prove beneficial.



Periodic physical examinations help reveal hypertension early, when doctors say that chances for control are best. Such checkups may also discover possible infections which may be causing the condition. As a result of physical examinations, the doctor may make suggestions for improving your health, such as eating wisely and keeping weight down. The latter is especially important, for high blood pressure is more than twice as common among fat people than it is among persons of normal weight.



In many high blood pressure cases, the best "medicine" is often simply moderation in every physical and mental activity. The patient may be advised to work and play at a slower pace, to avoid emotional strain, and to get plenty of rest and sleep. This helps to lessen the demands on the circulatory system, and may lower blood pressure.



Today, under good medical guidance, the outlook for people with high blood pressure is better than ever before. By carefully following the doctor's advice, they can often avoid complications and look forward to long, useful lives.

. . .

Aiding in the development of more effective measures to help combat high blood pressure is the Life Insurance Medical Research Fund, supported by 148 Life Insurance Companies. This fund is making grants for research in diseases of the heart and blood vessels, including high blood pressure.

For more information, send for Metropolitan's free booklet, 59-P, entitled, "Your Heart." This contains many facts about high blood pressure and diseases related to the heart.

Metropolitan Life Insurance Company



1 Madison Avenue, New York 10, N. Y.

TO EMPLOYERS: Your employees will benefit from understanding these important facts about high blood pressure. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS-IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE-KEEP IT!

gadget that now appears to be so indispensable that it's reasonable to assume it always was used. In 1911, all racing cars were twoseaters. The driver had to carry a mechanic to pump oil, keep an eye on the tires and, most importantly, watch traffic behind to avert collisions. Harroun, the eventual winner, entered a single-seater to cut down weight. The other drivers protested, claiming that a driver without a backward-seeing eye was a menace to life and limb. The authorities were on the point of disqualifying Harroun when, in desperation, he rigged up a rear-vision mirror that piped down the protests. It was a simple device, to be sure, and it undoubtedly would have been thought of soon afterward, but the point is that the mirror first was used at Indianapolis.

Tires are first concern

RACING drivers are a strange breed, but in one respect they are first cousin to George Spelvin, the typical American taking the family out for a spin on a state highway. The chief potential accident hazard confronting them at the wheel is identical. It is tire failure—excepting, of course, lunatic drivers. The heat generated by high, sustained speed is murder on tires and no ordeal punishes them so cruelly as the 500 mile run at Indianapolis.

Years ago, the consumer had a splendid opportunity to exercise his vocabulary when he had a blowout. The racing driver, seldom at a loss for words, generally was silent when a tire gave way on him. He was in no condition to talk. If he recovered after wrapping a retaining wall or tree around his neck, he swore to do something about those tires. Because it was his livelihood and his life, he did facilitate the lurching march of progress by lending himself to all sorts of experiments devised by tire manufacturers.

The first cord tire was unveiled to the public at Indianapolis and the problem was solved further when the balloon tire withstood the rigorous Speedway test. By 1936 cars were completing the full distance without a single tire change.

A ritual the fans never see still is observed religiously at the Speedway the day following the race. Cars equipped with an extra, slightly smaller right rear wheel are mounted with tires used in the race and tear around the track until they have a blowout. Since the race is run counterclockwise, most of the stress and strain is

thrown on the right rear tire. It usually is the first to go and when it does, the extra wheel is supposed to bring the driver back to the pits in one piece for a critical examination of the blowout.

Gas and oil consumption, the average car owner's major anticipated expense, are given the going-over at Indianapolis that harassed citizens would like to see applied to taxes in Washington. After the 1933 race, in which Lou Meyer set a new record of 104.08 m.p.h., the contest board feared the ceiling for safe driving speeds had been exceeded. Accordingly, it imposed a limit of 45 gallons of gas for each car in the wistful hope that the boys, forced to conserve fuel, would go easy on the accelerator.

The drivers howled indignantly and predicted not a single car would finish the next year; normal gas consumption for the race had been 60 gallons. The board was adamant, whereupon the boys went to work on carburetors, pistons and pumps. Only one car went dry in 1934 and Wild Bill Cummings upped the record to 104.86 m.p.h. The gas quota was reduced to 42.5 gallons in 1935. More cries of outrage; some of the boys even chilled their gas to contract it and squeeze in a few extra pints. So Kelly Petillo boosted the record to 106.24 and no driver suffered the humiliation of walking home. Another cut, to 37.5 gallons, was made in 1936. In other words, the supercharged projectiles at Indianapolis were getting the same mileage to the gallon as a stock car in city traffic.

When the race was resumed in 1946, after the war lapse, all restrictions on gas were lifted, but a joker in the rules stimulated further research. Each car had to carry its entire supply of gas from the start. Since gas weighs 6.2 pounds a gallon, and surplus weight reduces speed, the boys and their handmaidens beetled their brows and opened a branch office of the Bright Ideas Department. Last year many were getting good results with an alcohol mixture. It's a little impractical for pleasure driving, but it does demonstrate that the Indianapolis crowd is still in there thinking and trying.

Much the same story can be told of experiments in oil. When gas restrictions were imposed in 1934, each car was allotted only 6.5 gallons of oil. The mechanics again griped loudly, then ripped apart motors, studied lubricating systems and tightened every oil seal and gasket. The fruits of their labors are sweet every mile you drive.

An important contribution of the last 25 years was the development of the straight-eight engine, strictly a Hoosier product. Engineers insisted that nine main bearings lined up for such a job absolutely would not work; the motor would tear itself apart. Fred and August former Speedway Duesenberg, stars, dissented vigorously and produced such an engine in 1919, Jimmy Murphy drove a straighteight in the 1921 race but broke down after 107 laps. The Duesenbergs took it back to the shop, worked on it for a year and saw Murphy win in 1922, then go on to capture the French Grand Prix.

Small motors made better

A CAPSULE history of the automotive industry could be told in terms of its search for small, lightweight motors with the power of larger engines—and of the Speedway's revolutionary research. The three Chevrolet brothers, Louis, Arthur and Gaston, became famous overnight when Gaston won the 1920 race with the smallest efficient engine yet seen that could be turned out by mass-production methods. Harroun's 1911 Marmon had a piston displacement of 600 cubic inches. A decade later the ceiling was 183 and it gradually was lowered until it hit rock bottom in 1929 at 91.5 cubic inches, or half the size of the Model T Ford engine. This means that an engine less than one sixth the size of its grandfather produced seven times as much power on less fuel.

Anyone who ever skinned his hands and temper on a tire wrench should light a candle to the unknown genius who dreamed up the demountable wheel, first seen at Indianapolis. The same holds true for foolproof spark plugs, indestructible steering knuckles, efficient cooling systems, feed lines and a host of other improvements commonly adopted after the wonder workers at Indianapolis brought them to perfection.

As always, the boys will go into huddles with themselves immediately after this year's race has been concluded. The winner will commence worrying about repeating in 1950 and the also-rans will tackle the deficiencies that kept them out of the big money. This homework will start while the roads leading to the Speedway are clogged with departing spectators, and it serves more than one useful purpose. It gives them an excuse for remaining behind until traffic has thinned out. They're scared w death of the maniacs on the roads.

Photography can make this page

this small

IT'S DONE WITH MICROFILM MAGIC

TINY AS IT IS, the little rectangle above is this page in black and white—as it appears on microfilm. Everything there, condensed to a mere spot, but ready to be brought back full size with all its features intact. For photography can reduce tremendously without losing a detail.

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Functional Photography

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ACORNS OF INDUSTRY



The School Bus System

HE CHILDREN, some roundeyed and solemn, some giggling,
stared down from the plank seats
of the box wagon as it jolted along
the cobbled streets of Quincy, Mass.
From the flagstone walks, housewives and storekeepers stared
back. A few smiled and waved. A
few shook their heads. "Th' durndest thing," grumped one bewhiskered war veteran. "Ridin'
kids to school. Whatever's the
world comin' to?"

That was in September, 1869. The scene might have taken place in any of a score of communities across Massachusetts. Historians say it happened for the first time in Quincy, the seaport southeast of Boston, where John Quincy Adams, II, was complaining, as chairman of the local school board, that, "There has been no improvement and little change in our schools for a century." The April before, the Massachusetts state legislature had passed an act authorizing communities to levy a special tax "for the purpose of transporting pupils to and from schools.

In 1949, the school bus is the largest passenger transportation carrier in the world. Every school day of the year, 93,000 buses carry 4,600,000 pupils over a route 1,516,000 miles long—a total trip of 15,000,000 miles a week, on 127,000 highways. The school bus has become an industry with average annual expenditures of \$107,700,000 and a personnel staff of 100,000 drivers and mechanics.

In 46 states, thanks to the cooperation of manufacturers, educators and legislators, the vehicles are a uniform chrome yellow in color. In all states, special highway laws give the young passengers a higher ratio of security in their daily jaunts. The average school bus route, nationally, is 12 miles long and takes 45 minutes to cover. In Nevada, the state of greatest school bus distances, the average is 37 miles, with a travel time of 65 minutes.

The evolution of this transportation system, operating on a precision schedule over all types of roads and through every kind of weather, has been another epical achievement in the history of America's industrial enterprise—one inclined to be overlooked in the startling panorama of our development during the past 50 years.

Use of rebuilt box wagons, surreys, and buggies to transport pupils at public expense spread slowly across the country during the last half of the nineteenth century. Few laws were passed regarding the vehicles' uniformity or safety. This laxness persisted after the invention of the automobile. Traffic laws varied from county to county, and state to state. No standards of size or color, no big-lettered warning signs told approaching traffic that the vehicle ahead contained 35 or 40 children and would unload eager, darting passengers at the next side road.

Both auto manufacturers and school officials realized the imperative need for uniformity. School bus catastrophes at grade-crossings and intersections made shrill newspaper headlines. Efforts at legislative action were futile, and so were many of the conferences between school officials and manufacturers. The hodgepodge of jitneys rolled on.

Finally, in 1937, the General Education Board asked Dr. Frank Cyr of Teachers College, Columbia University, to conduct a nation-wide survey on school buses. A Nebraskan, who had spent part of his own childhood bouncing over dirt roads in dingy jitneys and a specialist in rural education, Cyr proved to be the man for the job. His researchers learned that although 85,000 school buses were operating in the nation that year, public opinion regarded them as a sort of "necessary evil."

Manufacturers were forced to comply with the individualized specifications and purchasing techniques of local school boards and county commissioners. A "spoils system" had developed around school bus purchasing in many counties. Drivers, although under contract for 210 days a year, weren't receiving physical examinations or even driving tests.

Late in 1938, the manufacturers, safety engineers and legislators (Continued on page 81)





All lines lead to YOU

VOU may be thousands of miles from the ones you want to talk to-yet the telephone brings you together quickly, clearly. Western Electric helps to make it that way. Our part within the Bell System is to furnish the things that make good telephone

service possible. Bell scientists design, we produce and telephone company people operate the equipment, a triple-action with one aim-good service for you. Result: Americans have the best telephone service on earth at the lowest possible cost.

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PURCHASER of supplies for Bell DISTRIBUTOR of Bell telephone apparatus and supplies. INSTALLER of Bell System cent office equipment.















NATION'S BUSINESS for May, 1949



NATION'S BUSINESS for May, 1949

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potential giants which promise eventually to absorb at least 23 per cent of the nation's payrolls.

The nine programs mentioned comprise five so-called "social insurances" and four "social assist-

ances.

The assistances are supported by direct government appropriations, with payments supposedly hinging upon the recipient's need. The insurance benefits, on the other hand, are paid as a matter of right, regardless of need. Each system is supported by its own compulsory payroll levy-these levies being called "premiums" and "insurance contributions" in the official literature. Some people call them "taxes," but federal officials frown on this.

The four social assistances are the federal-state programs of oldage assistance, aid to dependent children, aid to the blind, and the exclusively state and local programs of general assistance or re-

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Combined costs of the assistances now are running about \$2,000,000,-000 a year-some three times the costs of a decade ago.

The original social security blueprint-the 1935 report of F.D.R.'s Committee on Economic Securitycalled for the assistances to dwindle away as the social insurances took over, but more liberal laws, higher subsistence budgets, and more oldsters, changed that picture

As for the five social insurances, four are already in existence, in the budding stage at least. The fifthsocialized medicine—is still but a gleam in the eye of a little group only too eager to claim paternity. The existing four are:

Federal old-age and survivors insurance (OASI)—This is the "one per cent" program which the average worker calls "social security;" as employers know, they also pay one per cent—so far, that is.

The federal-state systems of unemployment compensation-Workers who have drawn unemployment benefits know these systems, as do employers, who make out tax returns—and checks—to both federal and state authorities.

The state workmen's compensation systems—While these employer-financed systems are generally familiar, long antedating the 1935 Social Security Act, they now are regarded as parts of the over-all social security picture.

The new systems of cash sickness insurance, paying weekly eash benefits in cases of non-

occupational sickness or disability (Continued on page 58)

When This
Manufacturer
Failed

CREDIT INSURANCE PROTECTED COMPANY A

... while Company B Lost Heavily

When a competitor discovered a process to make a better product to sell at a lower price, a metal manufacturer failed. By coincidence, two suppliers - each creditors for over \$50,000 - had been contacted shortly before about AMERICAN CREDIT Insurance.

COMPANY A took out an AMERICAN CREDIT Insurance policy, and soon after the failure, received a check for its claim.

COMPANY B did not insure its receivables saying, "We only sell to million dollar accounts." They received 42c on the dollar.

How American Credit Insures Your Profits Against Credit Loss

AMERICAN CREDIT insures your profits by guaranteeing payment of your accounts receivable . . . paying you when your customers can't. Your policy also enables you to get 'cash for past-due accounts. You may select coverage for all accounts . . . a selected group . . . just one account.

With customer payments slowing

OFFICES IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA down, it is now more important than ever for your company to insure its receivables.

Your insurance program . . . designed to protect and conserve assets . . . is not complete unless it includes Credit Insurance.

For information about AMERICAN CREDIT Insurance, phone the American Credit office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK. Dept. 41, First National Bank Building, Baltimore 2, Maryland.

PRESIDENT

AMERICAN CREDIT INSURANCE



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE





Adding

Swift, sure Burroughs adding machines are usual among the first acquisitions of a business, hower small. They replace "pencil pushing" to spee figuring, reduce errors, provide a printed tape record Models include hand or electrically operate machines, with or without subtraction, in a variety of totalling capacities.

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Accounting

Burroughs accounting machines provide a complete analysis of sales, purchases, disbursements, or other statistical information . . . distributed by department, area or whatever classification is required. This is often accomplished as a by-product of bookkeeping, introducing exceptional simplicity to a highly complex job.

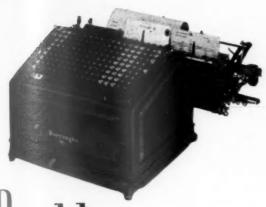


Billing

This Burroughs is the only billing machine in writes and computes a bill or order in one or tinuous operation. It combines the features of typewriter, calculator, and adding-subtraction machine. Results of extensions are accumulate automatically to provide a final total or net result a touch of the total key.



NATION'S BUSINESS for May, 1949



kkeeping

Burroughs bookkeeping machines post ledgers and statements ... provide neat, accurate, legible records that are always up-to-date. Preference for high-efficiency Burroughs bookkeeping machines is indicated by their wide use in financial, commercial, and industrial concerns throughout the world.



Burroughs calculators add, subtract, multiply and divide to accomplish lightning-fast figuring on payroll, invoicing and other computing work. They're easy to learn and easy to use. Burroughs alone builds the "calculator that remembers," with exclusive "memory dials" that eliminate rehandling of figures.

WHEREVER THERE'S BUSINESS THERE'S Burroughs



ash registering

Burroughs cash registering and receipting machines serve a wide range of business purposes. The model shown itemizes purchases, prints the amount of tax, shows the number of items purchased with the sales total, and automatically accumulates the total volume of sales with a total count of customers.

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NATION'S BUSINESS for May, 1949

he machines illustrated represent a few of the hundreds of models that are produced by Burroughs to meet the needs of every kind of business, every size of business.

The important point is this—Burroughs alone makes business machines to meet every figuring, accounting and statistical need; Burroughs alone produces the variety of functions and features to meet specific requirements; Burroughs alone is in a position to make recommendations without partiality towards any one type of machine.

Business depends on Burroughs for the right machine to get work done in less time, with less effort, at less cost. For more information, telephone your local Burroughs office.

BURROUGHS ADDING MACHINE COMPANY **DETROIT 32, MICHIGAN**

this protection as do workers generally in Rhode Island, California, and New Jersey.

Now another word about socialized medicine. Under this program, as its proponents outline it, employers and employes would pay further special payroll taxes. In return the Government would undertake to provide all needed health services for covered workers and their families. Hospital service, surgery, general medical attention, nursing and dental work would be included.

All this, though, is only promise; actual performance might be different, what with present shortages of doctors, dentists, nurses, and hospital beds. Moreover, these shortages would be aggravated by

-railroad workers already have the need for the trained personnel to waste time doing government paper work and rendering needless service to the malingerers and hypochondriacs who would rush in to get something "free." The time left for bona fide patients would obviously be cut down a lot.

What these programs will cost when they all reach full flower is suggested by the accompanying table. In it the dollar sign is forgotten, and costs are shown-in expert fashion—as per cents of the covered workers' payroll. (Here's a skeleton key to the box: One per cent of the nation's payroll means more than \$1,000,000,000.)

By far the biggest item in the table is the 14 per cent for OASI. In case this seems exaggerated, let's look at a few key facts. At present the system pays benefits to but one oldster in nine. In a generation or so the ratio will be two out of three-and there will be twice as many elderly citizens to receive the liberalized benefits coming up. In other words, take the present costs, multiply by six for the increased proportion of oldsters to receive benefits, double the result to allow for the doubled number of aged, and add 50 per cent or more of your new total to allow for higher benefits. Got it? Now add in another one-sixth to allow for the disability benefits at any age and liberalized eligibility conditions being urged.

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If this exercise in arithmetic makes the estimate of 14 per cent for OASI costs seem unduly conservative, the answer is that the

The Looming Costs of Social Security

What benefits provided by present law, plus expansions currently urged, will cost

PROGRAM

 OLD-AGE AND SURVIVORS INSURANCE Under existing benefit provisions cost will come to six to eight per cent of payroll. Pending proposals to increase benefits and to add disability protection, along with other proposed liberalizations, will more than double these figures. So-and it's a fair estimate-let's sav

14%

Cost as per cent

payroll

of covered



2. SOCIALIZED MEDICINE No one knows what a system would cost in the United States. Certainly statements by proponents cannot be taken as a guide. However, foreign experience and some domestic studies suggest that such a system could not operate on less than.

5%



3. UNEMPLOYMENT COMPENSATION More than 12 years of experience indicate that this type of protection costs about

2º/0



4. WORKMEN'S COMPENSATION The cost, because of experience rating, varies widely; as a rough average, however, this protection costs

5. CASH SICKNESS INSURANCE Our limited experience suggests

that this program costs at least(More, if cash maternity benefits are provided)

Note: This table does not include some \$2,000,000,000 annually for public assistance. Also omitted are costs of other possible programs not now demanded. For details see text.

THE TOTAL of the foregoing is

present combined taxes of two per cent are yielding about three times as much as is being paid out currently. The accumulation of this excess accounts for the huge reserve fund of more than \$10,000 .-000,000.

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Now let's look at that total of 23 per cent. This figure is not only conservative, it is incomplete. For example, no item is included to cover the cost of a program of children's allowances, such as is now operating in Canada. Every child in the Dominion is now eligible for government benefits. whether his parents are living or dead, rich or poor, working or not. Monthly payments per family average about \$14. Obviously, a corresponding setup in the United States would not be cheap.

However, costs of all such programs have been omitted from the 23 per cent. The only items included are for programs now in existence plus liberalizations and new programs for which there is persistent agitation. And don't forget the annual \$2,000,000,000 or more for the assistances, left out of the 23 per cent. To meet the costs higher payroll taxes are in-

The effects are fairly obvious.

The employe may pay his tax out of his own pocket, but the employer can't stay in business unless he makes a profit, or at least breaks even. So, whenever he can, he will pass his taxes along.

Likewise, the Government has no independent resources with which to finance subsidies. It gets money directly by taxes or indirectly through budget deficits. Either way the consumer pays.

Apart from cost, the basic idea of social security is good, and let there be no mistake about the worldwide demand for it. After living through depression, war, and inflation, people everywhere want a lot of protection-governmentprovided or otherwise-against economic tides and against the natural hazards of life.

In one recent survey workmen, salaried persons, and management employes in 23 countries were asked about their attitudes on social security: 91 per cent of the workers gave favorable responses, as did 74 per cent of the white colar group and 65 per cent of the nanagerial officials.

"Reflecting the voters' over-whelming support," the survey continues, "political parties give practically 100 per cent support to locial security." There is a general selief in all 23 countries that no program would be seriously cut

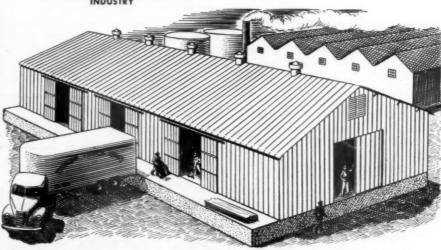




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down, "regardless of what party should attain power." On the contrary, it is concluded, social security's world-wide importance will become greater as time goes on.

Obviously, whatever the costs, social security is here to stay. But if it is to serve us, not master us, we need to consider practically a group of dangers not directly connected with the financial burden. They include:

The sheer size of the government machinery needed to collect and redistribute a quarter of the nation's payroll will make the sys-

tem cumbersome.

Growing demands may develop to "invest" the reserve funds of social security in sanitariums, in special housing for beneficiaries, in "low-cost" housing generally, in countless other projects competitive with private enterprise.

effective unemployment For compensation, government employment service activities are seen as necessary (we have these already). Next, a supposed need for

more government control over job offers is seen. In slack times, more public works are demanded as a source of such offers. Gradually, Government tends more and more to control all job offers and to prevent 'needless" unemployment aid benefits.

Socialized medicine necessarily means regimentation for doctors, dentists, and nurses. But why heal an improperly fed child, and then return him to his parents? More government con--trol over diet is a next step over parents, too, perhaps. Housing, clothing, and recreation also relate to good health, likewise pointing toward more controls.

Overliberalized benefits come nearer and nearer to the take-home pay of the average employed worker. With growing income taxes, little reason remains to try

to get ahead. With incentives largely gone, industrial discipline breaks down. Absenteeism, malingering to get benefits, and fraudulent claims increase. Production falls off. People become inert, indifferent, cynical. There is little resistance when the man on horseback comes, offering order, enthusiasm, glory.

These things are not imaginary. They have happened elsewhere. In Germany, Britain, and other countries, the growth of socialism may be traced to its social security beginnings. Once started, foreign a. Coverage. The idea of covering systems have moved steadily toward what the British call "cradleto-grave" protection. Simultaneously, the political center in the countries has moved more and more toward the left. In all too many cases the result has been dictatorship of some sort.

With some grasp of costs and dangers, we can think better about the social security expansions soon to be considered by Congress.

That Congress will pay a lot of attention to the subject is already evident. During the campaign the President made a lot of promises on social security. It now is clear that he means to redeem them.

In past years the mounting pressures for expanded social security have been held back with the honest plea that more study was needed-that the matter was too important for ill-considered action. Now this plea is no longer valid. Many official reports are avail-

So Capitol Hill is primed for ac-



"I got the raise, dear. Now we can buy the things which will provide the collateral to secure a loan to enable us to get by!"

tion, and the fireworks are already under way.

Here is a list of five major items on which Congress will have to pass; appended to each is a suggestion as to what is going to happen:

1. Expansion of OASI. There are three main proposals to expand old-age and survivors insurance—to extend coverage to the 20- or 25,000,000 workers who are now excluded, to raise all benefits by 50 per cent or more, and to add disability benefits.

- everyone is good; if we are going to have the system, then it is only fair for everyone to be in it. But some groups aren't enthusiastic about getting in. So Congress is unlikely to cover more than about half of those now excluded.
- b. Benefits. OASI benefits are low: they were established when 1939 prices prevailed. Congress will probably increase them, but in doing so should not forget the heavy cost.
- Disability. To add disability benefits would open the door to heavy, unpredictable costs and possibly to grave abuses-but such benefits would be popular. So Congress may do something

2. Expanding unemployment compensation. Organized labor and government officials want a uniform federal system to replace the present state unemployment compensation systems

-but Congress is not ready for this. Indeed it seems likely that the whole subject of unemployment compensation is going to get crowded out of the present congressional session.

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- 3. Public assistance. Proposals to give federal aid to state and local relief activities are up for consideration—but for probable defeat. However, the present rather strict formula for federal grants to state aid-to-dependent-children programs probably will be liberalized. And there's an off chance for another liberalization in the old-age-assistance formula.
- 4. Socialized medicine. The socialized medicine kettle is beginning to sizzle. But it isn't boiling

yet. The chances are that no compulsory health insurance law will be enacted for another year or two at least.

5. Government organization. Two proposals to change government organization are noteworthy-to raise Ewing's Federal Security Agency to cabinet level, and to transfer the Agency's unemployment compensation work to the Labor Department. You're right: these proposals are contradictory. But

nonetheless the Administration wants both and probably will get them.

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a. A department of welfare. Apart from its merits, this may mean a louder sounding board for government propaganda demanding still more social security.

b. Unemployment compensation to the Labor Department. The Administration means to "build up" the Labor Department. But if one social security program should go there, why not all eventually? And if social security is considered a "labor" matter—with the views of organized labor paramount—then the chances of preventing overexpansion are sadly lessened.

With insistent demand for more social security on the one hand, but with staggering costs and grave dangers looming, what are we to do? Let us look at four specific ideas.

First, we should educate ourselves—and others—on the longrange implications of all proposals. We should support no proposed benefits merely because they would be nice. Would they be worth what they cost, now and in the long run?

Second, we must bear constantly in mind that social security should offer only a basic floor of minimum protection—sufficient to prevent destitution, nothing more. As Sir William Beveridge, the liberal British expert on social security, says:

"More can be given only by taking more in contributions or taxation. That means departing from the principle of a national minimum, above which citizens shall spend their money freely, and adopting the principle of regulating the lives of individuals by law."

But what about people who want more protection than a subsistence minimum, and are willing to pay for it? This question brings up the third point: Insurance companies, savings institutions, and the like, are equipped to sell us all the supplementary protection we choose to buy. Let us remember, and tell others, that extra protection against the hazards of life is neither better nor cheaper when the government makes us buy it.

Finally—and this goes for a lot more than social security—we must foster a rebirth of the spirit of self-reliance. If we want to be free, we must pay the price of freedom. If we don't want government—well-meaning or otherwise—to run our lives, to tell us continually what to do, then we must have the initiative to do for ourselves the things that need doing.

Twins...twice removed!

—some of it borrowed, some of it taken

Unless you happen to be an expert, the two rail sections shown above may look about like twins. But actually—as a result of continuous research in rail design and metallurgy—the modern rail shown at the left has 80 per cent more strength and supporting power than its "twin" of 25 years ago, and is less than one-fourth as likely to break.

That's typical of the kind of improvement which has been made in every part of the railroad—from locomotives to crossties, from signals to yards, from car seats to air-conditioning—as a result of research and investment.

Altogether, the improvements made in American railroads in the years since the first World War represent an expenditure of more than 15 billion dollars—of which more than 2½ billion dollars have been spent just since the end of the second World War.

This is not government money lavished on railroads. It is railroad money -some of it borrowed, some of it taken out of earnings and plowed back into plant and equipment. In the past quarter of a century in fact, for every dollar paid out in dividends to the owners of the roads more than two dollars have been spent on improvements—for better service to you.

There is every reason to expect that railroad research will be as fruitful of benefit in the future as it has been in the past. But to provide the funds necessary to put these results to work so as to produce even better and more economical service in the future, it is necessary that railroads have a chance to earn a sound return on their investment today.

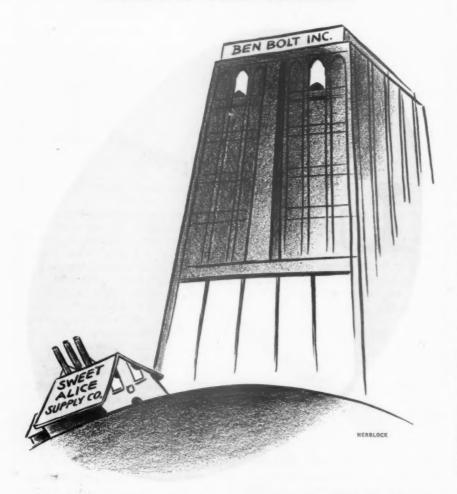




Listen to THE RAILROAD HOUR

Every Monday evening over the ABC Network, 8-8:30 Eastern, Mountain, and Pacific Time: 7-7:30 Central Time. 1 13

Must We Curb Success?



(Continued from page 30) side the GM range. Seated at a GM desk, I would hesitate to drive my competitors to the wall, lest public opinion or the federal Government charge me with monopoly.

Looking at other industries, one finds a similar situation in those fields where a few large producers dominate the market, and particularly where there is a dominant leader. In many cases the public gets the advantage of competition expressed in ways other than price -in design, engineering improvements, service, style and so forth. Yet even the possibility that a small number of dominant producers adopt a "live and let live" attitude toward one another, removes a most important factor from a healthy competitive situation. The implications of such situations to the capitalist economy need no elaboration.

In defense of big business it often is pointed out, and rightly so, that our giant corporations serve as a source of orders and a source of accounts receivable, and in many cases a source of supply, for thousands of smaller firms. In general, these relationships are satisfactory and mutually agreeable.

But potentially, the dominant position of a big business unit, as a customer, can have disastrous results for the small producer. A single example will illustrate.

Some years ago, the machine tool building firm with which I then was associated offered to a midwest factory a machine and a process of manufacture which materially reduced the production cost for parts it supplied to a giant corporation. The machinery was bought and installed, and more than the promised profit was realized.

Ordinarily we'd like to think that the small manufacturer would get some reward for his innovation and contribution. Instead, when the customer learned of the savings, he insisted on a substantial discount from the former price. The little producer had to agree. Fortunately, such instances grow more rare year by year since they have become generally recognized as bad for the big company in the long run.

But one needs to examine political and social, as well as economic factors to answer the question: How big can business become before its disadvantages outweigh its advantages?

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There is a considerable body of opinion that Big Business spontaneously and inevitably generates Big Labor and that this in turn makes necessary Big Government. The connection is not invariable yet we must be prepared to admit that those three "Bigs" naturally travel together in company, and no one who regrets their growth and dominance will be cheerfully convinced that Big Business is free from social problems and social responsibilities.

Perhaps the most spirited debate in recent years on the faults and the virtues of bigness in business has been that engendered by the growth of the retail chain store. Although the *pros* and *cons* have been fully aired, it is appropriate to re-examine a few of the points at issue.

There can be little argument with the contention that the efficiency of the chain has made things more difficult for the independent retailer.

At the same time, however, the efficiency of the chain, which in many instances has been reflected in lower prices to the consumer, has been its greatest asset in gaining public acceptance and support

In the evaluation of our business institutions, and today more than ever before, we must take cognizance of human values as well as material values. Because of this, the chain stores have come in for some criticism. Many chains have made splendid progress in community relations, have contributed to civic projects, and have made their managers permanent residents of the community. At the same time it must be admitted that there is still a big job to be done in this respect and that in itself poses a continuing problem of bigness.

The answer to whether profitable trading is sufficient counterbalance to other social values may finally be determined by the American housewife, or perhaps by the Department of Justice. Conceivably they may find themselves on opposite sides of the question.

In other lines, the small business man finds it difficult to make headway because, in many cases, the convenience of small operations on a local market offers no counterbalance to the prices and services of a really efficient Big Business. The greatest advantage that the proprietors of such businesses have

found has often been in doing well enough to make it worth while for the larger company to buy them out. Were this to become the rule, it must be admitted that the situation would be most undesirable from the standpoint of the dynamic economy we have tried to maintain and the type of free institutions we seek to preserve.

No single solution

THERE can be no single pat solution to the problem of bigness in business. However, a few suggestions might be proper.

The first is that the managers and the stockholders of Big Business be aware of the forces which are playing, and which will play,

upon them.

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It was with this thought that I raised the question of the concentration of economic power with Mr. Coyle last December. It was my belief that, quite irrespective of merits and demerits, advantages and disadvantages, virtues and sins of Big Business, a continuation of our present tendency for a large part of the business of the country to go into a comparatively few economic empires will have unavoidable political repercussions.

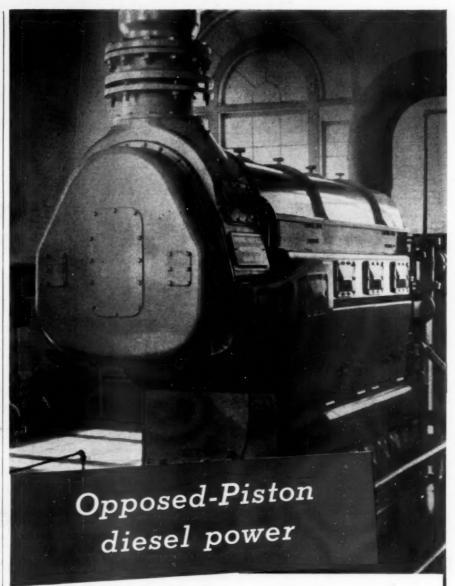
To some extent these repercussions will be generated at the grassroots. History is replete with documentation to support this thesis. Added to the grassroots' agitation will be that generated in certain

intellectual quarters.

It is already notable that almost every major investigation concerning business by the Congress since the turn of the century, regardless of the party in power, has taken note of the concentration of economic power and expressed concern about it.

Recall, for example, our war production drive. Despite the fact that larger companies were better qualified to do the kind of job that needed to be done, there was constant agitation that a larger proportion of war orders go to Little Business. Consider, too, that either one or both houses of the Congress for a number of years has had a special committee or a subcommittee whose mission it was to formulate programs that would benefit Small Business.

It would be a mistake to assume that the political pressures against Big Business are the product of a particular party or faction and that they would disappear with a change in administration. In this connection, note the language of a report of the House Select Committee on Small Business issued



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Gigantic monopolistic business was the direct cause of gigantic monopolistic unionism and gigantic monopolistic agriculture organization. The three produced gigantic government, with an over-all disastrous repression of the natural productive powers of capitalism in the United States.

Today there is one paramount problem before the American people if they wish to preserve their liberties. Our economic system is being kept afloat by tremendous govern ment spending. Our objective must be to restore the natural productive powers of the nation so that private business operating on its own income power can furnish economic opportunity and a rising standard of living to the American people without financial help from the state. Only in this way can capitalism in the United States survive and frustrate the dangerous trend toward government control and socialization of private business.

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It should not escape note that the first targets for the advocates of government control are those industries in which concentration is far advanced. It is not necessary that such control be proved necessary. It is not necessary that the Big Business involved should be committing any unsocial actions.

The natural tendency of every society in which property enjoys tolerable security is to increase in wealth.

—T. B. Macauley: Sir James Mackintosh, 1835, Edinburgh Review

They may even be operated so that they have been a benefit to society.

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In the final analysis, the problem of bigness can only be solved by getting to grips with bigness itself. In the more lowly orders of animal life certain forms propagate themselves by division. And in making a case for some brave management to experiment with a voluntary division of its business into two or more independent parts, I am making a case for the propagation of American business unfettered by needless government regulation.

It need not be necessary to wait for any just or logical criticism before such action is considered. It is only sufficient to realize that an unjustified pressure may grow dangerously strong.

In case after case, management has found that physical decentralization has brought marked advantages to the company. Some of these advantages have been measurable in dollars and cents terms—a location closer to the market, closer to a source of raw materials, or closer to a labor supply.

Would it not follow that some of the advantages of physical decentralization could also be realized by corporate decentralization? Corporate ownership has made possible the development of many socially desirable enterprises that might not have been possible under other financial arrangements. Yet it cannot be denied that, in the case of some of our giant corporations, the gap is too wide between the fact of ownership as evidenced by stock certificates, and the responsibility of ownership that accompanies active participation in company affairs.

The suggestion that business leaders consider the advantages of corporate decentralization is made with becoming modesty—almost with trepidation. At the same time, there is evidence to support the contention that such action would be in the interests of business and the enterprise system itself.

If one examines the record, many revealing cases can be cited. In one of the earlier antitrust actions the Supreme Court ordered the Standard Oil Company dissolved into a number of constituent parts. Those parts seem to have done quite well.

To be sure, the issue in the Standard Oil case before the Supreme Court involved more than bigness alone. In fact, the court has held in a number of cases that bigness alone constitutes no violation of the antitrust laws. Yet it was demonstrated that the corporate dissolution, regardless of the grounds, was beneficial to the public interest and to the stockholders of the business. There are many situations today in which business might take such action on a voluntary basis rather than under government compulsion.

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I leave this rash suggestion to those concerned.

. The real essence of work is concentrated energy"-walter bagehot



Why construction gets better all the time

Where roads were once built a shovelful at a time... today mammoth earth-movers handle a ton of earth at a time. Mobile cranes swing 20 tons at the flick of a switch. Giant crushers grind 150 tons of rock an hour. Traveling concrete mixers place entire batches as they go.

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These are just a few of our improved powered tools of today that do a better job of construction faster and easier. They help provide us with critically needed new housing and business buildings... with super-highways and airfields for safer, smoother travel. And these tools are ours today because of better materials... and continuing research.

Alloy steels, for example, give them greater strength to resist shock and abrasive action... stamina to overcome the strain of day-by-day speed-up demands. And modern oxy-acetylene processes for welding and flame-cutting speed production of these better products of better steel.

Carbon is in the picture, too. In the form of electrodes, it's essential both to the production of alloy steels and the

making of calcium carbide . . . from which comes acetylene gas for welding. Also, a chemical known as an *amine* provides a wetting agent for asphalt . . . speeding construction by making the asphalt stick more easily and firmly to its crushed rock base.

The people of Union Carbide produce these and many other materials essential to today's better building and construction. They also produce hundreds of other materials for the use of science and industry, to help meet the needs of mankind.

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ACHESON Electrodes · NATIONAL Carbons · PRESTONE and TREK Anti-Freezes · EVEREADY Flashlights and Batteries

during the Republican-controlled Eightieth Congress. The committee, headed by Walter C. Ploeser (R-Mo.) said in part:

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Cartels Could Strangle America

(Continued from page 36) reduce our transportation costs.

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Industrial Diamonds: Of all cartels, the so-called "diamond syndicate" has the firmest grip on a prime necessity for American industry. London is its home. DeBeers Consolidated Mines, Ltd., of South Africa is its cornerstone but it operates through three subsidiaries: Diamond Corporation, Ltd., Diamond Producers Association, Ltd.; and Diamond Trading Company, Ltd. During a year it sells more than 95 per cent of the world production of diamonds. The only ones it does not sell are from Brazil, Venezuela or Arkansas. American dealers I talked with have an imthat merely handling these will blacklist them from further purchases from the syndicate.

DeBeers bought into companies operating mines in French, Belgian and Portuguese African colonies but its subsidiary Diamond Trading Company, Ltd., the exclusive selling agency for all mines, is the cartel's most effective weapon for world control. It was the bright

brainchild of either Cecil Rhodes or Barney Barnato. Isaacs who developed an abandoned digging into one of the world's richest mines. Another South African statesman, Sir Ernest Oppenheimer, brought it to the present perfection. As half the profits of a mine may go to a colony and all pay heavy export duties, the four nations are staunch supporters of the cartel.

The United States is the market for 80 per cent of world production of industrial diamonds for cutting tools. While industrials are only 28 per cent of the value

of world production, they are 85 per cent of the weight in carats. A mine produces both gem and industrial stones like prize apples and nubbins from the same tree. The nation does not weep when fewer gems are added to the jewel boxes of Park Avenue dowagers but when the supply of grubby industrials is choked, American industry slows down from jet plane velocity to an oxcart crawl.

The United States tried to break the syndicate fetters with an antitrust suit in 1945. The allegation was that a bank account, advertising agency, an engineer to buy French, English and Swiss manu-

machinery and other employes in the United States put the syndicate within jurisdiction of American The syndicate answered courts. that it did not do any business in the United States and, last July, the court agreed.

American dealers again go to London to buy diamonds. The syndicate's invitations to "sights," as its semiannual sales are known, are limited to dealers who can show a certified bill of exchange for \$80,-000. Even this evidence of ability to buy does not permit a dealer to rummage through the display to pick out stones. They are separated into "series" of gem or industrial diamonds and further divided into 'packages." A buyer must take the bad with the good in a package so the syndicate will not be stuck with inferior stones.

When German invasion threatened London, syndicate offices and stocks migrated. An invitation from its best customer to come to the United States was declined. It settled in Canada and Bermuda and stayed out of our jurisdiction. American dealers did

HENRY

"Some of these pedestrians make me so mad-you'd think I hit them intentionally"

their buying there and the syndicate limited our Government's war reserves to a few weeks' supply of diamonds. It is similarly unresponsive to American present efforts at stockpiling. Diamonds still must be found where nature has planted them and the syndicate has fenced in the fields.

Juinine: This is a minor item in our annual trade balance but highly important for the health of the country. The growing of cinchona bark, the source of quinine, is a Dutch colonial monopoly but

facturers and distributors join the Dutch in fixing prices and quotas throughout the world for the finished malaria remedy.

Some cinchona is grown in Sumatra but 95 per cent of the world supply comes from Java where the Government owns one tenth of the plantations. The Government forbids the export of seeds or increased plantation acreage and requires licenses for exports of bark and then only to approved manufacturers. Adding to government revenues is the primary purpose of the rigid controls-restricted sales and high prices to consumers and low prices to growers. Natives have burned their crops in protest against the bare subsistence prices offered by the government monopoly.

At the same time, the world and the United States in particular suffered from a lack of quinine. Regardless of the relative efficiency of quinine or atabrine and other substitutes as malaria remedies, the medical profession advises supervision by a physician when using substitutes. Malaria sufferers can dose themselves with quinine.

Anticipating war, this Government attempted to lay in a reserve of quinine. Negotiations collapsed when Dutch representatives frank-

ly disclosed that Germany would take all they cared to raise. The lack of quinine showed later in the casualty lists of American troops in tropical climates. One consideration for our aid to the Netherlands might well be that we do not again lack the quinine so necessary for life and health.

Mercury: Cinnabar has been mined in California, Oregon, Texas and Arkansas. The New Almaden and New Idria mines in California, the latter worked for 100 years, were the last to close. Mercury content was low

and labor costs were high.

The United States now depends entirely on Mercurio Europeo, an Italian and Spanish cartel which fixes production and sales, for our needed mercury. It has many industrial uses and is a "must" for percussion fuses. The United States should be able to get enough flasks of mercury for its needs as a slight return for aid it is giving the two countries.

Quebracho: Argentina and Paraguay produce 98 per cent of the world supply of the tannin needed for tanning leather. Tannin is ex-

tracted from quebracho, the hardest of woods. Producers must get permission from their governments and comply with quotas and prices fixed by the Forestal Land, Timber & Railways Company, Ltd., a British corporation whose Spanish name runs to 12 words. After its subsidiaries in the United States were prosecuted by the Department of Justice in 1943 and 1945, it took a tip from the diamond syndicate and now operates from England, Canada and South America, beyond reach of our laws but not of our markets.

Rubber: Until the war, the British and Dutch cartels enjoyed a free hand in fixing rubber quotas and prices in a world which they had divided, with the United States as the largest consumer. Their colonies produced 97 per cent of the world supply of natural rubber. Foreseeing trouble in 1939, the United States asked for an increase in its quota but the Dutch said they wanted to stockpile for themselves. The Japanese moved in and our source of natural rubber disappeared.

The nation's determined efforts to meet the crisis are an industrial epic. Millions were invested in plantations on the Amazon where wild trees supplied half the needs of the world 30 years earlier. Factories were built to reolaim used rubber but the greatest accomplishment was a dozen plants to

These facilities are governmentowned and privately operated. Congress has decided that they must produce at least one third of their full capacity until June 30, 1950. Improvements and experience have cut production costs down to those for natural rubber.

East India plantations also are again producing at close to their prewar capacity. Cutting down trees was more difficult for the Japanese than wrecking tin-min-

ing machinery.

Rubber may be the bellwether which will disclose the attitude of the United Nations towards moves of the United States to protect itself from exploitation by cartels. Though not yet stated in open meeting, it has been suggested that if the United States puts into practice its policies for stimulating world trade, supplying other nations with dollar exchange and aiding people of all backward areas, it will withdraw from competition with their production. That could mean closing the synthetic rubber plants which protect this country from again depending entirely on the cartel

Those nations which profit so richly from cartels would vote for that. The United States must fight alone. It has the tools if it will use them

"Combine our international lending with our government

produce synthetic or chemical rub-ber. stockpiling," is a mild suggestion of Prof. G. A. Briefs, who has many years of cartel observation behind him. "Cartel countries could be asked for collateral-tin, industrial diamonds or other items on the stockpile list-when they receive a loan. That is sound banking practice."

> The Marshall plan and the Export-Import Bank of Washington assure this Government of sympathetic hearings by nations receiving American loans. American funds can be a powerful leverage on cartel-minded nations. The home addresses of cartels beyond the reach of American laws are in countries receiving loans from the United States. The cartels are not beyond control by those countries. The cartels are big revenue producers for the countries but the governments may consider it better business to tone down cartel demands on the United States and continue receiving loans.

> Tariffs and trade are outmoded weapons in an age where all are friends around the table but they can have their uses. Public opinion and good will also have weight, especially with a generous giver. Such drastic and unpleasant remedies should not be necessary. In fairness, American Government and industry should be freed from exactions of quotas and prices by cartels which operate from countries receiving United States aid.

> That is only fair exchange. It will be far from an even trade but the United States can charge off its short end of the bargain as a prodigal investment for the good of mankind and world peace.

> A few months ago 22 nations sat down with our representatives and tabulated what materials they needed from our \$16,000,000,000 Marshall plan. They also needed loans from the bank. All transactions should not be one-sided.

> It is time to sit down again and tabulate what we need from them the materials which American industry must have to survive and certainly the 67 commodities which our Government is stockpiling for national security.

> The Marshall plan already has distributed \$4,000,000,000. The Export-Import Bank has made loans. Agreements to protect the United States and its industry from the extortions of foreign cartels must be signed before the last balances are distributed and this country finds itself stripped of bargaining strength.

> Bargaining should not be necessary in the first place—merely fair treatment for our country.

Skyscraper Bees

in New York and particularly at Rockefeller Center. Up on the fifteenth floor, L. H. Hartman, advertising agency executive, raises bees. His three hives are kept on a terrace, outside his office, measuring ten by 45 feet. During the war, he also used the terrace for a victory garden.

In 1943 when the bees were added to the vegetables, his friends thought he was quite mad. How they would forage for food in this metropolitan world of concrete and glass was the question.

Hartman proudly boasts that like all good New Yorkers his bees "commute to work." And so they do. Central Park is within easy flying distance.

ANYTHING can be expected The more enterprising strike out across the Hudson for the Jersey shore, while others stick close to home base, having discovered the gardens tucked behind many downtown homes.

> The apiary gave Hartman 100 pounds of honey last year. To extract it he takes the frames to his Park Avenue home, heats the honey on the stove, wax and all, and strains it through cheesecloth.

> In his office, under lock and key, he keeps his hoard of halfpint jars, which bear this label: Pure Honey, Produced in the L. H. Hartman Apiary on the Fifteenth Floor Terrace, 50 Rockefeller Plaza." These are handed out to surprised clients when they call.—TANNIS LEE



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Big gains...for little towns!

There's a new tannery in Bolivar, Tenn...a surgical supply plant in Raritan, N. J a shirt factory in Nogales, Ariz a foundry, airplane plant, Quaker Oats branch mill, and a half-dozen new small factories in Tecumseh, Mich. . . . In Cheboygan, Mich., where the last sawmill shut down in 1926, a defunct paper mill has been revived, and new plants make automobile and refrigerator parts, boxes, cement, stoves, machine tools!

War babies that wouldn't stop when the war did . . . big companies decentralizing...GIs and rugged individualists who wanted to be their own bosses... have put new small industries, payrolls and self-sufficiency in hundreds of small towns that formerly lived on Saturday farm trade...and now have housing shortages, enlarged schools and social facilities, jobs for ex-farm hands, trained workers, and are able to hold their young people! Main Streets blossom with new sidewalks, new store fronts, neon signs, first-run movies . . . dumbfound drummers with their demands for fashions, frozen foods, cosmetics, major appliances, television sets, sports goods, yard furniture, playroom equipment, top grades of home furnishings.

There's real news and significance in this surprising development of postwar US ... as reported in "The Small Town Hits the Jackpot" by Richard Seelye Jones-not to be missed in next month's Nation's Business.

Noteworthy, also, in NB's next issue ...

Gong for "Get-Out" Age? . . . In 1975 the US will have more people over 45 than the total number employed today! With the age curve growing, the US needs to reconsider forced retirement ages . . . See significant analysis, "Should Retirement Be Compulsory?" by A. Barr Comstock & Sydney Morrell.

The Money Nobody Wants . . . It costs about le to print paper money of any denomination. If the public would use more \$2 bills, the Bureau of Engraving and Printing would save about \$3,000,000 a year . . . "Some Notes on Money," by Henry F. Pringle.

Investment in I. Q.'s . . . In 1949, US industry donates more than \$10 million for scholarships and grants, will send 2,000 students to colleges. Training and new abilities will pay life-long dividends to the whole country. Look for for Everybody," by Robert West Howard.

Salty Sixty...When Jeffrey Parker, whose nickname was "Old Profit" took a weekend off, his staff suspected the worst...but his dissipation proved to be a Star sail boat. You'll like "Hidden Profit," by Pat Frank.

Advice to Administration . . . What most US farmers want from the government is less of it . . . "What Does the Farmer Want?" by Kenneth L. Dixon.

And a dozen other timely articles of interest and significance to business men . . . in June Nation's Business.





Music That Comes From a Foundry

By KEN W. PURDY



WHEN WAR came to Europe in 1939 Dr. Edouard Muller, president of the Nestlé Chocolate Company of Switzerland, decided that the firm's affairs could best be administered from a headquarters somewhere in America. Thus it happened that several score of families, Swiss and English, spent the war years in Stamford, Conn. They quickly became a part of the community. Their children attended Stamford schools, and the local churches came to know them well.

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When the war was over and the visitors had returned to their homes in Switzerland and England, Nestlé decided on a concrete expression of its gratitude to the people who had made their workers so welcome. The gift was on a grand scale: it was one of the rarest, the largest, the most costly musical instrument in the world—the carillon. Hung in a temporary tower on the grounds of the Presbyterian Church of Stamford, the 36 bells of the instrument were dedicated in September, 1947, and Stamford's name was added to the roster of the 60 odd North American cities which can boast one of the greatest civic luxuries, a carillon of bells. As a matter of fact, there are more carillons in the United States than there are in any other country except Belgium and Holland.

Not to be confused with the ordinary steepleful of church bells is the carillon (pronounced like the girl's name Carolyn in English, kar-ee-yown in French). The bells which give it voice bear the same resemblance to commonplace church or school bells that a fine violin bears to a hurdy-gurdy. They are bells of an incredible purity and depth of tone, tuned in the metal to absolute pitch and incapable ever afterward of losing it. They may range in weight from ten pounds to 20 tons, and the price of a good set purchased from one of the three foremost makers now in business will start at around \$25,000.

No community which has enjoyed a carillon, properly and frequently played, ever has willingly given it up, and the bells never wear out.

Most Americans—musicians among them—confuse the carillon

A carillonneur must do with two hands what an organist does with his fingers alone

with the lesser bell instrument, the chime, to its vast detriment. A chime is a set of from seven to 21 bells tuned to a simple scale-no sharps or flats-and usually played from a keyboard too crude to permit the use of fast or complicated music. The carillon is a set of 21 or more bells, up to 72, suspended in a tower and played from a clavier or keyboard. The bells do not swing. They are rigidly fixed to supporting beams, and are sounded by the stroke of a clapper attached to the corresponding key by wires and cranks.

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Most carillonneurs prefer to be alone when they play. Half an hour or so before a concert they climb to the playing cabin high in the tower. There may be only 40 or 50 steps, or there may be more than 200, as is the case with the University of Chicago carillon. The Riverside Church in New York City has an elevator for its carillonneur, but this is an almost unheard of luxury. It's usually hot in the playing cabin in summer, and some carillonneurs play stripped to their shorts.

Seated on a bench much resembling an organ bench, the carillonneur faces a massive oaken framework bearing two rows of keys, two rows of pedals. The keys are about the length of a man's middle finger, round and smooth, with sharps and flats arranged, as on a piano, above and between the others. The foot pedals, similarly placed, resemble those of an organ except that they are heavier, squared and their top surfaces usually covered with rubber or leather. They handle the heavier bells in the bass. Since the keys are struck with the bent little fingers, most carillonneurs wear heavy leather gloves, cut away to leave the fingers free but protecting the edge of the

Before he plays, the carillonneur must have made his own musical arrangements. Since carillons differ widely in range—the number of bells varying, usually, with the purse of the purchaser—there is almost no music published for the instrument. Music suitable for the 53 bell Virginia State Memorial carillon at Richmond, for instance, could not be played on the St. Chrysostom's Church carillon in Chicago, which has 43 bells. All carillon music is arranged in three parts: two on the treble, or lighter bells, for the hands, and one part for the bass, or pedal bells.

Because considerable exertion is required, plus great dexterity, the carillon is primarily a man's instrument, although there are a few

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good woman performers. A force ranging from three to 20 pounds or more may be required to depress a single key. But despite the apparent clumsiness of his instrument—a clumsiness that is more formidable in the telling than otherwise—there is almost nothing too fast or too difficult for the skilled carillonneur.

Single notes are struck with the edge of the little finger; the thumb and two fingers can produce two notes repeated at blistering speed, and some virtuosi can play a triplet by assigning one finger to each of three notes. Because the carillonneur must do with his hands what an organist, for example, does with ten fingers, his movements in playing long runs requiring the alternate use of his hands are so rapid as to be almost invisible, and the drain on his physical energy is great.

Even swing music is not beyond the carillon, although the effect is as unseemly as the Lindy Hop done by a dowager. I know, because one midnight a dozen years ago I awakened everyone within a mile of the University of Wisconsin carillon with a spirited rendition of a work entitled, if memory serves me, "Hell's Bells Are Ringing." It seemed eminently suited to the purpose I had in mind-a demonstration of the bells for a young lady who had never heard them. I also ran off several swing variations on "Annie Laurie." The young lady was full of appreciation, but the University authorities took a narrow view, and when next I visited the tower, in broad daylight this time, I found that they had changed the lock on the door.

However, when I passed that way five years later the authorities had relented sufficiently to give me a key to the new lock, on my promise to play nothing but selections to be found in the music files of the tower.

Well played, however, few instruments offer so much satisfaction to the performer. It is best just at dusk, when the air is still and the song of the bells will carry for great distances. Seated only a few feet below the great bells, the carillonneur feels not that he is playing upon an instrument, but rather that he is within one. The indescribably beautiful voice of the smaller bells and the crashing boom of the big ones combine with the whisper of the long wires running lithely up to the clappers and the steady thudding of the keys and pedals against their leather stops to make a cacophony that shuts out all other sound.

The instrument, which is the carillon to the English and French. the klokkenspel to the Dutch, the beiaard to the Belgians, probably had its origins in the watchtowers of the Lowlands in the Middle Ages. These towers, commanding a view for miles around, were equipped with alarm bells. As towns grew into cities and architecture flourished, the watchtowers were incorporated into the central buildings More bells were added to the single one that had served as an alarm, until the set was capable of simple melodies. The carillon, with its perfectly tuned bells, was an inevitable next step.

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Some authorities are inclined to add the carillon to the list of Chinese inventions, because it is known that Chinese musicians were playing upon matched sets of bells 2,000 years ago. Their instrument never developed, however.

croped, nowever.

High point in 1600's

BY the end of the sixteenth century the carillon was a vital part of everyday life in the Lowlands, and in 1557 the office of carillonneur was added to the civic roster of Mechlin. The post has been filled without interruption ever since.

The golden age of the instrument was the seventeenth century. In 1646, Francis Hemony and his brother, Pieter, cast the first of their carillons, the despair of bell-founders ever since. Their bells have been compared to Stradivarius violins. In all, they made some 40 carillons, of which about half are still in existence. Fire, storms, and the ravages of war destroyed the others.

Pieter Hemony outlived his brother by ten years, dying in 1667. With his death, the art of bellfounding went into a decline from which it did not recover until the 1880's

It is to the English custom of change-ringing, or peal-ringing, that we owe the modern carillon. From the seventeenth to the nineteenth centuries the playing of peals-small sets of bells lustily swung by crews of men hanging to the rope-ends-was a marked feature of English life. These bells were not accurately tuned. They did, however, stir an interest in bells in a Sussex churchman, Canon Simpson, who began an intensive research into the old records. Credit for the rediscovery of the secret of perfectly tuned bells is shared by Simpson and one W. W. Starmer, an organist and composer. Simpson persuaded the bellfounding firm of John Taylor of

Loughborough to cast carillon bells. Today the Taylor firm and that of Gillette and Johnston of Croydon produce the finest bells made and enjoy almost a world monopoly. Most of the 60 odd carillons in this country were made by these firms. There are three American-cast carillons, made by Meneely of Watervliet and Troy, N. Y.

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The difference between a perfect bell and one that is merely good may be due to any one of a score of slight faults in its manufacture. The temperature of the metal—composed of roughly three parts copper to one of tin—must be exactly right, the dimensions of the loam-lined molds that form the bells must be calculated to a millimeter. And if the casting is successful, then the really difficult part of the work, the tuning, is only just begun.

The bells are cast sharp, or above the note they are meant to sound, and are flatted, or lowered, by shaving off slivers of the metal on huge lathes. Each bell sounds at least five separate notes, and all of them must be in tune with each other, as well as with all the other

bells in the carillon.

All but two of our imported carillons have been cast since 1920. St. Joseph's Cathedral of Buffalo, N. Y., installed its bells in 1866. New York and Chicago have the two largest instruments ever cast, both six full octaves in range, both Rockefeller-donated, with the biggest bass bells weighing 20 and 18¼ tons respectively.

The carillon is hardly a suitable instrument with which to inculcate a love of music in Junior, and most serious students are well past their teens. However, among its unique advantages is this: practice upon it is strictly private. With each installation comes a practice keyboard, or clavier, which is an exact duplicate of the real thing except that it is equipped with xylophone bars instead of bells. Thus it cannot be heard outside the playing cabin.

Residents of a certain town in New England still shudder when they recall the carillon which came to their city without this essential device. Every day, hour after hour, they suffered as eager novice carillonneurs painfully banged out their scales and their exercises on the great bells. This went on for weeks, and the practice clavier, when it finally arrived, came none too soon; two days more, say veteran residents, and a maddened mob would have torn the tower down, stone by stone.



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You Can Win a Bout with Gout

(Continued from page 39)
had a severe gout attack every time
his wife took a trip to visit her
mother. The disturbing question of
whether he should or shouldn't
dally amatively with his secretary
was enough to set off an attack.
Then he had no choice but to rest
quietly at home till his wife returned.

Another man had a painful flareup every time his son came home from college. Until his doctor had made a study, it never dawned on him that his symptoms were a reflection of his profound disappointment because his son wasn't doing as well in his studies as he'd expected him to.

But if gout and osteoarthritis are both likely to strike the same kind of man, why should one man get gout and another get osteoarthritis? True, they're both variations of the same disease, but beyond that, they're very different.

Gout may be hereditary

MANY doctors believe that gout is hereditary. They point out that at least 50 per cent of gout victims come from families who've had a long history of gout. Recently, one doctor did some probing into the history of one of his gout patients and found that in seven of the

last eight generations, there had been at least one victim.

But this doesn't mean that you can't get gout unless your father or your father's father had it. Any middle-aged man who's awakened at three a.m. by a severe, throbbing pain in his foot can be quite sure he's got gout. We say man purposely, because gout seldom attacks a woman. Doctors don't know why, nor do they know why attacks almost always come between two and four a.m. For that matter, they don't know precisely what gout is, except that it produces a severe and painful inflammation of the joints and is almost always localized in the feet. Fortunately, they do know how to treat it.

They use a drug called colchicine, a modern derivative of an old Oriental herb. Colchicine is not a cure, but it does make gout much easier to live with. In many cases, untreated gout attacks last for days, or even a week. If a man swallows colchicine tablets as an attack is coming on, he may cut its duration to a few minutes, and kill nearly all pain. Many times, the drug can prevent an attack altogether, since seasoned victims often get to know when an attack is about due.

Fact is, though, that many gouty men continue to suffer with no

help from colchicine. Even when they know a doctor will be able to make things easier for them, they don't always rush out to find one. One reason is that they've heard some dismal rumors about the privations doctors impose on patients. One doctor told me about a man who had suffered from severe gout for eight years before he sought medical help, because he was sure the doctor would have forbidden him to smoke or drink and would have put him on a diet which would have excluded every food which made life worth living. A couple of months ago, when he finally did go to the doctor, he was surprised to find that all he would have to do would be to take colchicine tablets.

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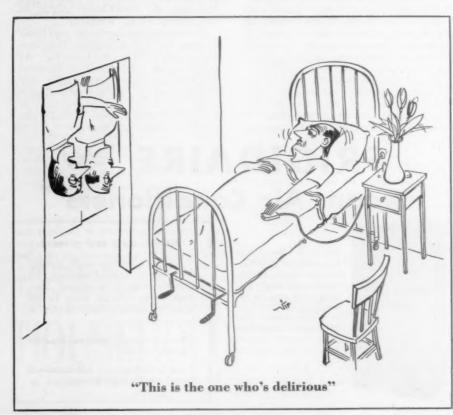
Diets do not cure

ACTUALLY, doctors themselves thought till recently that it was necessary to keep a gout victim on a pallid diet. They began changing their minds when they heard of cases like that of the Massachusetts business man who first developed gout six years ago. In 1947, he spent nine months in the hospital, on a diet of zwieback, green salads, eggs and milk. He drank nothing stronger than lemonade. He had 21 severe attacks, but even when he was comparatively free of pain, there seemed to be no spirit or hope in the man. One day, he suddenly picked himself up and went home. For the next year, he ate red meats every day, drank beer, and refused to stay in bed. For a while he went down to his office only a couple of hours a day, but before long he was working almost a full day. In the year, he had just one gout attack.

The doctors agreed that his case proved another significant point: the worse you feel about gout, the worse it will make you feel.

Of course, this doesn't mean that it's not always necessary to get professional treatment, and to get it in the early stages. With gout, as with osteoarthritis, early diagnosis and treatment count heavily. If you think you recognize the symptoms of either of them, you should check with your doctor as soon as you can.

But don't go away with the idea that every vague pain or clicking in your joints is a sign of arthritis. A specialist related recently about the last 100 people who walked into his office and said they thought they had arthritis. Sixty of them didn't have it. So maybe you'll find that you've been worrying for nothing, too.



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(Continued from page 45) operations have not in some cases saved money. In only three months they and the committees involved standardized air rescue boats! It would be inaccurate to suggest that the published records of such savings are at all impressive. statements made in Munitions Board press releases covering large savings are written in the purest double talk of our day. And it is impossible to answer two vital ques-

- 1. If there have been any savings, are they in any way equal to the manpower expended by civilian and military personnel working on Munitions Board projects?
- 2. Are the recommendations sifting through to Washington the best possible suggestions or are they painless token surrenders without value?

The strategic phase of our national security is in the hands of the Joint Chiefs of Staff, which is composed of the three uniformed heads of the services. They are three distinguished warriors who have served their country well. They, nevertheless, have shown no signs of being able to set an example in cooperation for their underlings. Everything they do must be done unanimously. Any one of them can block the suggestion of

President Truman had to call in General Eisenhower to act as "temporary coordinator" of the Joint Chiefs to see if he could get the

boys on the ball.

But General Ike must rely on the uncertain weapon of compromise. Forrestal failed with that attack. Louis Johnson, Forrestal's successor, is considerably tougher than the man he succeeded.

Johnson can be expected to be precisely as tough as his boss, Mr. Truman, wants him to be. A former soldier with no devotion to the brass, Johnson is a 100 per cent

politician.

General Ike's prestige will help; Johnson's political acumen and his enthusiasm will get some action, but Congress must make the unification act a law or repeal it.

It is, to coin a phrase, later than the military establishment thinks. It is, in fact, the atomic age.

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German Genius Pays a Debt

By PETER J. WHELIHAN

ONE OF the most exciting stories of World War II was that of the desperate cloak-and-dagger struggle between the Allied victors for the enormous concentration of scientific genius which almost made Hitler ruler of the world.

Before the ruins of Germany's great cities had stopped smoking, the grim fight for the richest of all the spoils was on between Russia, on the one hand, and the United States, Britain and France on the other. Even before the surrender, fast-moving teams of Soviet and western technical experts, backed by flying squadrons of commandotype troops, pounced upon the prey that had been marked long in advance.

It is uncertain which of the opposing camps raked in the most German genius. At the height of the war, Germany reputedly had the greatest reservoir of scientific and technical talent ever developed in one country. There were thousands of nuclear physicists, rocket-builders, experts in jet propulsion, ballistics and electronics. Most of them have disappeared.

MANY OF the German scientists who helped spark Hitler's war machine are making great contributions to their new homeland

Russia is known to have swept up many hundreds of them—more than any other nation. Britain made up in quality what was lacking in numbers. France got fewer scientific leaders, but settled for about a thousand ballistics technicians who were put to work on rockets and other missiles.

Uncle Sam, immensely pleased with his take in Operation Paperclip, has revealed that between 500 and 600 have been brought to these shores—emphasizing that each possesses qualifications not already available here. In view of the fact that all were screened by American technical teams to make sure they possessed these qualities, and would not merely be competition in already well-worked fields, it seems pretty certain we brought back plenty of big game.

Each of the Germans was as-

signed to a specific task for some branch of the American defense system. In most cases it was a continuation of Nazi projects. Then, as their jobs were completed, they were made available in a cautious experimental way to private industry.

Only about 60 have been shifted to date into private enterprise, but their accomplishments already are enormous. In two or three cases they have been credited with scientific contributions so vital to the nation's economy that the net result is incalculable.

One outstanding American scientist who would have been quick to resent the importation of merely competitive ability, recently declared: "They are a gold mine of talent!" Hardheaded executives who were foresighted enough to acquire one or a pair of the Ger-

mans are similarly enthusiastic. In one plant alone—the Heintz Manufacturing Company of Philadelphia—a German chemist and metallurgist, Dr. Ludwig Schuster, and a fellow countryman, Friedrich Flessa, a mechanical engineer, have perfected a process for the cold extrusion of steel.

No one can say when we might have developed the idea ourselves. This country had a seemingly inexhaustible supply of the ingredients of steel. We didn't need to economize. But the Germans, shy of natural resources, had to find a way of improving the method of machining and heat-treating steel. Germany's best minds went to work on the project in 1935. Reports of progress came to the United States-and to the Heintz Company-until the war shut them off. But Heintz remembered two names-Schuster and Flessa.

Schuster was brought over shortly after the war and two years ago became the first of the Germans released to private industry. Flessa wasn't located until a year and a half ago and was assigned immediately to the Heintz Company.

They were a perfect team: Schuster developing the lubricant required for cold extrusion; Flessa developing the dies and presses with the enormous pressure required. They had exchanged information in the old country and merely had to pick up where they left off at home.

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COLD extrusion means, simply, the forcing of solid, unheated steel through open dies to form a complete piece of goods. The saving in labor and material is fantastic. The process requires about half the steel stock needed under the old technique to turn out a given product. And it averts the 15 per cent dead loss of material sustained previously.

Schuster and Flessa, given full credit by Heintz for the spectacular development, amiably discuss their work, but to them the most wondrous part of it all is that they are living here in the United States and well on their way to becoming citizens. What impresses them most? Both agree on one thing.

"The way we've been treated by everybody," Schuster said, "I find it hard to believe or understand. We couldn't have complained if it had been different. After all. . . ."

Until the war's end, Schuster, now 44, was in the big Metalgesellschaft works in Frankfurt-am-

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Main, helping build weapons for Hitler. Flessa, who is 36, was doing likewise with the Neumeyer Cable Metal Works in Nuremberg. Both were Nazi party members. It was healthier that way, they said.

When Schuster's wife and two daughters came over nearly two years ago, he started house hunting with misgivings. He says with satisfaction he got out and found one himself by asking everyone he met about vacancies. He felt more like an American when he was put out after the house was sold. Again, on his own, he found his present three-room apartment in Mt. Airy, a pleasant section of northwest Philadelphia.

The Schusters expected some grief when Ursula, now 14, and Ingeborg, 12, started to public school, but they picked up enough English to get along within a month.

"No one's ever said an unkind word to them," Schuster said gratefully.

Flessa, whose family lives in a typical Philadelphia row house in the Olney area, said his daughter Hannore, eight, likewise is getting on in her public school class. Son Walter, two and a half, is picking up friends in the neighborhood.

The Flessas and Schusters themselves have settled into a social routine with newly found friends, mostly families of shop foremen and other co-workers. They miss nothing of the old country. "Not even German beer," said Schuster. "I prefer bourbon, anyway." His favorite American dish? "Chicken chow mein—we go down to Chinatown almost every week." Flessa cut in, "Make mine a big thick steak."

Like most of the other Germans brought over, with an exception we'll mention later, Schuster and Flessa are paid little more than skilled laborers, in line with government policy, until they acquire citizenship. Aside from dinner out once a week or so, their chief pleasure is the movies. Every so often they drop around to neighborhood taprooms, have a drink or two and play a little shuffleboard. All told, they find life pretty nice.

"There's no other country like it in the world," said Schuster. "It's wonderful to see almost every race and national strain having a say about it. Just so the people steer away from socialism. State medicine, state insurance, state this and that . . . that's the way it started in Europe and look what happened."

The Germans are pleased at their contribution to our steel industry. "We hope it helps to pay you back." Industrialists say their development will benefit many more industries than steel.

In the oil industry, too, German talent is coming to American aid.

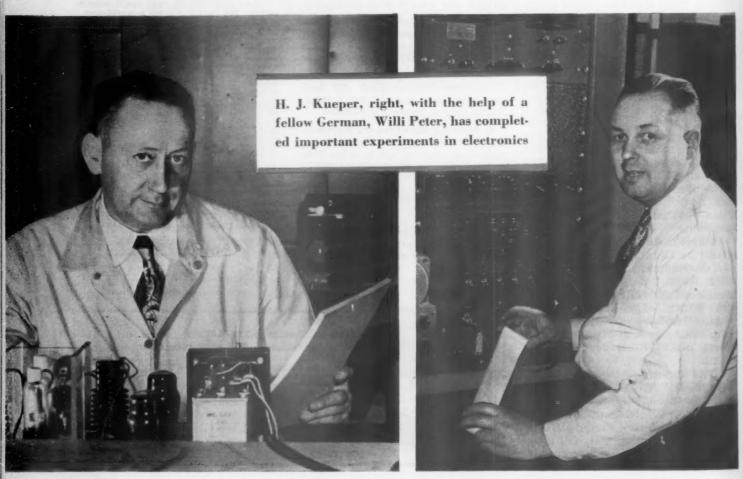
In the laboratories of Hydrocarbon Research, Inc., one of the top experimental organizations of the country, two scientists who helped develop synthetics for Germany's oil-starved war machine are bending their talents in the same direction for America.

Two others are engaged likewise at the University of Missouri, where the United States Bureau of Mines is spending millions on a hydrogenation plant for the development of shale oil.

Generalized statements are made on the progress of our quest for oil substitutes or synthetics, but specific details are top secret. Even the identity of the Germans is withheld. But the impression is obtained that big things are about to happen in the oil industry.

Other fields, including textiles, optics, electronics and food, are syphoning a wealth of knowledge from the German reservoir.

The diversity of the imported talent is astonishing. The bread we eat in the future might be flavored by the genius of an *ersatz* expert. Perhaps the distaff side will be made happy with stockings that will wear thrice as long and never



NATION'S BUSINESS for May, 1949

run. By a strange twist, a couple of Germans—classified as glass blowers at home though possessing the scientific knowledge that merits a half dozen degrees here—might help save California's \$60,000,000 a year fishing industry from threatened extinction.

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Joseph Kahl, head of the G. M. Manufacturing Company, which occupies a floor of a small loft building in lower Manhattan, was quick to grab the two "glass blowers" when the Army was through with them a year ago. A manufacturer of supersensitive scientific instruments, Kahl knew the Germans possessed a combined knowledge of glass, chemistry and electronics unparalleled in America. Though he has them under a five-year contract, he took no chances on losing them or any of their precious knowledge.

More sensitive thermometers

NOW, in a small shop near San Diego, the two Germans are developing oceanographic instruments with a sensitivity never approached by Americans. To date they have contributed a method of processing thermometer glass to such a point of sensitivity that measurements of water temperature can be taken to within one one-hundred-thousandth of a degree. Along with this they developed a thermometer fluid that rises and falls without leaving the faint markings that formerly made readings difficult or inaccurate. Most important of all, Kahl reported, is their perfection of a special method of bonding glass to metal which makes the joint stronger than the rest of the piece.

Through these discoveries, Kahl said, California's fishing industry may yet profit. For some years, now, the great runs of tuna and sardines offshore have been diminishing and trawlers have had to go farther and farther out for loads. Where and why the fish are going is a mystery. Temperature of the water, its salinity, the volume and type of food available, are thought to be factors.

The State of California and the fishing industry have pooled millions of dollars for an investigation. The sensitive measuring instruments, of which Kahl is the only American manufacturer, may supply the answers. Quite naturally, Kahl has an enormous respect for his experts, but he doesn't hold the view they are geniuses just because they are Germans.

"It's all a matter of training, discipline and pride of work," he

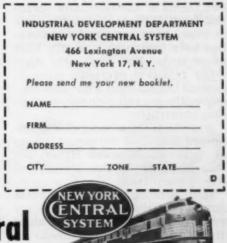


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New York Central

The Smooth Water Level Route

said. "Our craftsmanship is dying out. Our young men are not trained technicians. They haven't the patience. They want to get into something that gives them a good living right away. But in Germany they are apprenticed out early in the various fields. Eventually, though they may not have college degrees, they are highly skilled technicians . . . scientists in every sense of the word."

Capt. B. N. Wev, U.S.N., director of the Joint Intelligence Objectives Agency, which conducted Operation Paperclip, puts it this

way:

"The Germans are unquestionably the world's greatest researchers, while the United States has the greatest applied researchers. The Germans will work for years on a problem and come up with the right answers.

"Then the Americans come along and develop the whole thing to its ultimate, almost overnight. We

have the know-how."

Captain Wev ascribes German superiority in research to patience cultivated by centuries of iron discipline. And intelligence officers who still watch every move of the 500 odd scientists and technicians hold that this traditional submission to discipline is a cardinal point in their favor now. They argue that as scientists they were little interested in ideologies, merely drifting with the political tides as long as they were given a free hand in the laboratories. And they are scrupulously following out conditions laid down for their continued presence here.

Of all those brought over, about a dozen have been returned to Germany, less than half because they were deemed incurable Nazis and the rest because they failed to measure up professionally.

As evidence of their intention to remain and become citizens, about two thirds of the Germans—practically all of them are middle-aged or over—have brought their families here, numbering nearly 1,500 dependents. But most still have other relatives overseas, some in or near the Russian zone, and consequently are reluctant to be publicly identified.

Several of those interviewed admitted they had witnessed plenty of ruthlessness under Hitler, but they shudder at the thought of

Russian reprisals.

H. J. Kueper is typical of those now in civilian industry. Forty years old, he is listed as a chief draughtsman at the Thomas A. Edison, Inc., plant in Newark, N. J. That modest title conceals talent which has enabled him, with the help of a German test engineer, Willi Peter, to bring certain electronics experiments to a successful point. Though he is officially a civilian worker now, the project is of a military nature and classified as top secret.

John O'Shea, manager of Edison's special products division, estimates Kueper and Peter have saved Edison—and indirectly the country—three years' experimental work which would have cost at least \$800,000.

Kueper's story of his escape from Russian to American hands, corroborated by company records, gives just part of the picture of the

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Trade is a plant which grows wherever there is peace, as soon as there is peace, and as long as there is peace.

—Ralph Waldo Emerson: The

—Ralph Waldo Emerson: The Young American, 1844

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East-West scrap for German talent. He was one of the top executives of the Rheinmetall-Borsig Co. weapons plant in Breslau when the Russians besieged the city for a year. Breslau is now in Red-ruled Polish territory.

Early in 1945, as Breslau's fall approached, the 7,000 men and women workers of Rheinmetall-Borsig moved the plant across the river that bisected the city . . . in just ten days. Later they moved to Muhlhausen.

Meanwhile, the late K. J. Berggren of the Edison Company, one of the three foremost fuse designers in the world, was near by in the town of Soemmerda with an American team, culling the lists of German technicians for the best talent.

As Breslau fell, many of Kueper's technicians, who had remained to fight, were taken by the Russians. Fragmentary reports of them have been received since from behind the Iron Curtain. They don't like it.

Kueper and Peter were working in Muhlhausen when the Americans took the city in April, 1945. Somehow they were overlooked for two weeks, until the Russians sent a force to take over from the Americans.

Kueper's eyes light up as he recalls how he and Peter ducked the Reds for a day and night. On the second day Berggren and other Americans appeared in a jeep, piled Kueper and Peter aboard, and drove through the Russian lines for Soemmerda.

Not long afterward, the Germans were in America.

After three years, during which intelligence officers had a chance to size up the pair and the Germans had opportunity to decide whether they wanted to stay here, Kueper's wife was brought over. He has applied for citizenship, has learned to speak good English. He's proud of his American mannerisms.

Dozens of others, like Kueper, are building themselves solid places in American industry. Not all are producing spectacular things such as the cold extrusion of steel or synthetic fuels. But all, according to their employers, have something

special.

The Kalart Company, formerly of Stamford, Conn., manufacturers of camera range finders, decided to produce a fine type of camera. They needed someone who could set up their plant and instruct others in precision work in which special tools had to be designed, where 850 precision parts could be assembled without an assembly line technique. They knew the one man who met the qualifications—and literally reached right over to Germany, through military channels—and brought him back.

In a midwest food processing plant, a German chemist—identity closely guarded—in the last two years has come up with new flour-milling methods so important the company head recently exclaimed:

"We're paying him \$15,000 a year, but if he were a citizen and we knew we could hold him we would gladly pay him \$75,000!"

Oscar Kohorn & Co., Ltd., of New York, designers, builders and operators of rayon plants throughout the world, obtained a chemist and a chief engineer from Germany. One, as chief chemist, is now operating a \$30,000,000 plant in Brazil, largest built in the world since the war. The engineer has enabled the company to start \$60,-000,000 worth of new plants elsewhere through his knowledge of the special type of structures needed. The company, which builds plants and operates them until local capital and management can take over, said the pair have put their program at least two years ahead.

In other plants and laboratories, and in several colleges and universities, the Germans are doing their stint for what they hope will be their homeland. If Hitler only knew the contributions they are making, he would turn over in his battered bunker.

The School Bus System

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(Continued from page 52) met with school officials to study the facts uncovered by Cyr's survey. In the spring of 1939, under the sponsorship of the National Council of Chief State School Officers, a school bus conference was held at Columbia University, with Cyr as chairman. Manufacturers, state departments of education, the American Automobile Association, and the U.S. Office of Education sent delegates.

There, industrialists and educators reached agreement on minimum standards of efficiency and safety for the construction, operation and maintenance of school buses, nationally. Engineers decided on an over-all chrome yellow as the best identifying color for the vehicles. Standard body sizes, shapes, brakes, warning signs and signal lights were agreed upon. A model code of traffic laws covering school bus operation was drawn up for consideration by state legislatures. Purchasing of buses on a state-wide basis was advocated.

In the intervening decade, the chrome yellow school bus has become mandatory in 46 states. Safety factors, standardized bodies and highway codes are now mandatory in all states. Manufacturers, through direct contributions as well as through the patient teachings of the American Automobile Association, have done much to encourage special training programs for school bus drivers.

More than that, the bus has become an integral part of public school education, just as the automobile itself has become an integral part of American life. Many states are following the practice of North Carolina where 80 per cent of the school buses are driven by high school students, trained for their jobs by the Highway Safety Division of the Bureau of Motor Vehicles. (At an average transportation cost of only \$8.30 per pupil per year, as against the national average of \$25.)

Finally, over and above their routine job, the yellow buses are being used for field trips.

So, there it goes—each morning and afternoon-carrying the most precious cargo any nation can ever create, America's largest transportation system, born of a lumber wagon, 80 years ago-the school -ROBERT WEST HOWARD



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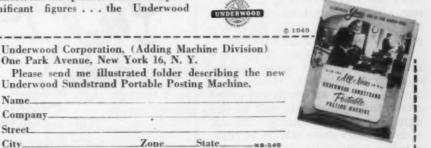
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Revolution on the Skyline

(Continued from page 33) in fact, the two things most mentioned by architects as affecting the planning of tomorrow's office buildings. Because of them, buildings will be simpler in their outside lines—just straight walls, for the most part, instead of a lot of angles and courts. Inside, they will be much more flexible in arrangement, with partitions put up or taken down anywhere to suit the occupants, and with virtually no waste space.

"We used to have to think in terms of relatively narrow usable space, between corridors and windows," explains William F. Lamb of Shreve, Lamb and Harmon, designers of the Empire State Building. "Air conditioning and modern lighting make much deeper spaces usable, and we can plan accordingly."

Lights give larger rooms

ROBERT CARSON of Carson and Lundin, consulting architects for Rockefeller Center, makes the same point, and adds: "Since our own offices here in the Center were air-conditioned and equipped with fluorescent lighting, we have been able to double the depth of our drafting room-and everybody in it is just as happy as when they were all nearer the windows. (Only the latest Rockefeller Center unit to be built, the postwar Esso Building, it may surprise you to realize, was completely air-conditioned as an integral part of its construction.)

Air conditioning and modern lighting, the architects point out, even make it possible to have a building with no windows at allif anybody wants that kind of a building. As a matter of fact, some have been built for laboratory or factory purposes, but I have found no architect who expects ever to see a windowless office building. We Americans are sun-worshippers, they realize, and the more windows we have-even if they are non-opening windows-the happier we are at our desks. So we are going to get many more windows.

Light and lightness. These are the two words that architects use most to describe tomorrow's office building. The two words are properly joined because it will be the lightness of the building—the use of much more glass, which, in turn, is made possible by the use of new light metals instead of masses of heavy masonry—which will give us more light.

It is a trend that already has started. Two of the recent office buildings designed by Carson and Lundin—one in Tulsa, Okla., the other in Baton Rouge, La.—are almost half glass, instead of being great hunks of masonry with windows at spaced intervals. In these new buildings, even the smallest office will have at least two windows.

The first office building built in New York City after the war, the Universal Pictures Building on Park Avenue, is another half-glass house. Designed by Kahn and Jacobs for the Tishman Realty and Construction Company, it is in many ways a preview of the future office building. Taking advantage of light flexible steel, the architects discarded the old rule of thumb that an office building must be built with huge, heavy columns, 20 feet on center, and instead used more than twice as many slender columns. They alternated these with vertical pockets for the steam risers and returns, and covered both struts and pockets with stainless steel which then became mullions for windows running in continuous ribbons around the building. Alternating with narrow, horizontal limestone spandrels, the ribbons-of-glass give the building the ultra-modernistic appearance which smacks so strongly of the future.

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Completely air conditioned, the building is equipped with such devices as electronically controlled elevators—you don't even have to push the button, but merely to touch it—and aluminum venetian blinds which not only allow the occupants to regulate their own sunlight but serve in summer to reflect the radiant heat of the sun and bounce it, literally, back out the windows.

More space for light

IN AT least one important respect, however, this building is still a far cry from the ideal office building of the future, as most architects see it. A 21 story building, 13 of the stories occupy the whole area of its site, as contrasted, for instance, with Owings' "botanical garden" dream building, occupying only one eighth of its site area above the



third story. Eventually, leading architects seem agreed, business men will insist on office buildings not only with more windows but with more and pleasanter open space around those windows. Ralph Allan Jacobs, whose firm designed this building, is a strong advocate of more open space, referring to New York's Wall Street as "the reductio ad absurdum of canyon-building—a solid mass of masonry blocks, whereas the ideal would be a great cluster of needles."

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Land in city business sections is expensive, however, and architects are limited in the extent to which they can push toward this ideal by the desire of clients to make full use of valuable sites. I have talked with one prominent architect who bluntly labels this attitude on the part of property owners "hoggishness"; others are more charitable but are convinced that the owners of sites in crowded downtown areas often would find it to their interest to sacrifice some space near the ground for more desirable space up in the air. Jacobs, for instance, points out that offices in the towers of skyscrapers virtually always rent.readily at premium rates, and suggests that a building that was virtually all tower-a needle instead of a block of masonry-would not only command top rentals in good times but would be much better able to compete for tenants in bad times.

More needle-like buildings

ONE postwar building designed by Jacobs and his partner, Eli Jacques Kahn, which is now under construction in New York, may be an indication that clients as well as architects are beginning to adopt this view.

Similar in construction to the Universal Pictures Building, it comes at least somewhat nearer the needle ideal in that it occupies only 65 per cent of its site area above the third story, and attains its desired space capacity by rising to 42 stories.

The United Nations Secretariat Building will be a much more outstanding example of this ideal. A straight, high, shaft-like structure, with parking space underground, it will use only a fractional part of the land area allotted to it, even on the ground level. Designed as one unit in the over-all plan for United Nations buildings, it will stand, even when the others are built, in an open, park-like area. So much open space around an office building in the heart of a great city is



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IN THE MARKET FOR A MARKET? obviously more feasible when the building is part of a great public group than it would be for a private building. Chief Architect Harrison believes, however, that even private builders, in the future, may well find it necessary to leave more space around their buildings for practical as well as esthetic reasons.

> "A person on foot takes up only about two square feet of space," he points out. "But an automobile takes up 40 or 50. You can't go on piling up big buildings close together in a city like New York without allowing for some compensating area outside. If you do, our big cities will choke to death.'

More space for apartments

apartment house building, most architects point out, there has been much more of a tendency in recent years to leave some air and landscaped space around the structures, even in crowded cities. Office buildings, they feel, have lagged behind a trend that must come.

Owings' dream building, with its garden on the third-story roof, would occupy all its ground area, to be sure, but would at least use the part of the building covering it as a place for automobiles to go. The reaction of practical building industry men to that suggestion was summed up by one who said:

"It requires some temerity to suggest the acquisition of a half block of valuable city property of which only one eighth will be subject to major development." Nevertheless, he added: "This conception is the first real departure from the ordinary that has been offered to us for serious consideration in connection with our downtown properties."

So let's look a little more fully at Owings' ideas about tomorrow's office building. Not only would it be a simple, rectangular shaft, avoiding setbacks, angles and architectural effects, but the outside walls would be metal and glass—perhaps a little later on, says Owings, even plastics. All this assumes the modernizing of building codes, many of which in the past have required thick walls for fire protection, because they were based on the use of masonry.

Owings envisions factory prefabrication of outside units which would include not only the spandrels but fixed sash windows and unit air conditioners, all of which would be literally snapped on the building frame.

Concrete floors would be laid,

each in one great slab, with overhangs projecting on the south side to serve as sunshades. Instead of permanent inside partitions, channels would be laid in floors and ceilings to permit partitions to be slipped into place or taken down to suit the occupants; and electric power and telephone lines would be laid in grids in the floors and ceilings to permit complete flexibility of arrangements. The skin of the building would require no painting.

All this makes for economical building, obviously. Yet the sad news is that your office building of tomorrow is going to cost more money-or it would, at least, if it were to be built right now-than any building of comparable capacity has cost in the past.

All building costs, of course, are up. But what is more, the mechanical features which will be musts in tomorrow's building—such things as air conditioning, improved lighting, fast escalators, improved elevators-will offset most or all of the savings in architectural embellishments, the authorities say.

The building originally planned by Owings as the ideal for tomorrow is now under construction in Chicago, with some modifications—as a future 20 story structure. Its construction should provide definite figures on how the costs of this type of architecture compare with older types in terms of original investment and subsequent opera-

Higher rents needed

WHEN he first projected his new building Owings was convinced that it would have to command a higher rental, per square foot, than older buildings. On the other hand, he insists, tenants need more space in less efficiently planned buildings. By checking each tenant's needs and planning maximum utilization, he thinks, space requirements—and therefore rental costs-might be cut at least 25 per cent in this office building of tomorrow.

He also points out definite savings in upkeep costs. The automatic window washer, for instance, would do a job which would cost, if done by men with buckets, around \$20,000 a year.

The flexibility of interior arrangements would make extensive alterations possible without the use of wet trades labor.

In any event, says Owings, this is the kind of office buildings Americans are going to want, even if it costs a little more.

Old Sailors Never Die

(Continued from page 42) and you have to drag them out of the water in the fall or they'd get frozen in, and they're the first ones out in the spring trying to catch a cold."

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He pointed to a photograph on his wall of a fine-faced man in a white sailing hat; a man with a lean jaw line above a weathered, wrinkled neck.

"Ed Merrill up there was one of them," he said. "He started when he was 57 years old and in 1938 he won the National in a boat named Shufly on Lake Skaneateles in upstate New York. He taught his boy, Jim, all he knew. Before he died they built a new Comet together and named her Barfly. In 1947 Jim took a fourth, a first and a second to win the National with her on Cayuga Lake, just a few miles from



"Won't the insurance company be glad we let our policy lapse"

where Ed had won. Last year out in Port Clinton, Ohio, in fast weather Jim took three firsts and is our National champion now. Ed Merrill! I can't begin to tell you what he meant to the Comet class. And Comets to him. If there is open water in Heaven he's got one—and got her tuned."

He called the association secretary and held the phone while he checked when some other men had started their sailing.

"The average age in that Port Clinton fleet, hosts to last year's National, by the way," he said, still holding the phone, "is 40 years. Not all kids there."

R. Hammond Gibson, a retired farmer of Easton, Md., began when he was 53. His wife crews for him. In 1946, sailing together, they got a fifth in the Nationals. Last year he left her ashore and finished sixteenth. A week later the President's

Regatta was scheduled on the Potomac at Washington. He put in an urgent call for Mrs. Gibson. She smiled and came. Together they won. They say she was very kind about it.

O. E. M. Keller, president of Kasco Mills, Inc., Toledo, Ohio, started in 1938, when he was 55. He was a crewman for his son; but when college broke up the team, he took the helm and has sailed well enough to be chosen to represent his region in several Nationals.

"... for all ages," he said in a letter. "It is without a doubt the best single factor we have discovered out here in keeping families together. We have a number of father-and-son, husband-and-wife, brother-and-sister teams."

S. Augustus Davis is a 60 year old lawyer in Scranton, Pa. His daughter wanted to learn to sail. He "read some books," as he says, and got a boat and now father and daughter sail together.

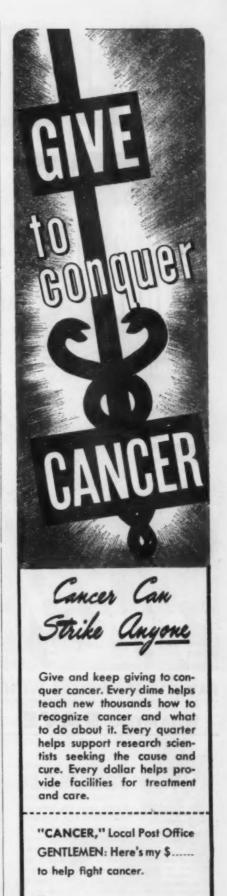
Dr. Albert Bates, 60, of Auburn, N. Y., a Bureau of Highways engineer, started when he was 56 back in 1936 and he is still sailing.

Hub Isaacs of Fort Worth, Texas, gave the Snipe class fleet there a trophy 17 years ago. Last year he won it at the age of 55.

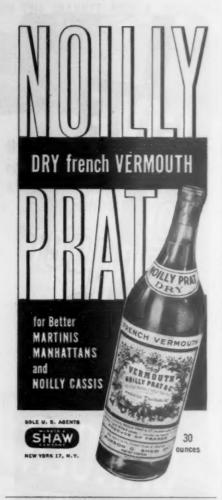
There is a Dr. Frank S. Moyer in Olcott, N. Y., sailing a Snipe at the age of 72.

There are hosts of others; men who do not make the Nationals but who sail hard, full schedules on their home courses, where the real fun is. They'll be out with our 50 year old, helping him all they can with his brand new boat. He has tried to catch her personality in the color he's chosen for her. He can paint her blue or green or sky-bluepink. He can name her to please his daughter or his dreams or his sense of humor. He can never forget her, his first boat, no matter if he goes on and on and has a new one every year and wins the National. She will be the one to launch him in what Sir Thomas Lipton called "the glorious and health-giving sport of yachting.

Teamed with her he can have more new fun and excitement and hilarity and friendships and disappointments and satisfactions than he ever believed could be waiting for a man. And she can help him sing the sailor's song, "Old sailors never die, never die. They just sa-a-a-ail a-a-a-way."



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By My Way

By R. L. DUFFUS



Defining democracy

SOMEBODY sent me a postcard asking me if I would like to define democracy. I didn't care to at that moment, but I think democracy is a state of affairs under which people feel free to send postcards to perfect strangers asking them to define it.

Old-time Decoration Day

ALL our holidays change with the years. That is the way of life, and as such it is all right. But Memorial Day—Decoration Day, as we always called it in Vermont-has changed most because the people who first observed it are mostly dead. Just yesterday, when I was a boy, the G. A. R. veterans were lusty men in their 50's, and the color bearers were still capable of carrying the flag a mile or so to the cemetery and back without getting winded. Dear me, what days those were! In school we would have had to speak pieces, which was not so good, but on the holiday itself we fell in behind the veterans and the band, each child carrying a little flag, the grand marshal, wearing a red sash and an air of importance, trotted up and down the line. and it was almost as good (so we boys thought) as being part of a real war. I don't believe little boys feel quite so happy-go-lucky about war today. I don't suppose the veterans did, even then, for the graves they decorated were those of men. now forever young, who had been their cherished comrades. But the band played, and usually, I think, the sun shone, and the people of our little town forgot their squabbles and jealousies in a holiday that with the years grew less and less sad.

Alaska grows up

SOMEBODY sent me some copies of Jessen's Weekly, a Fairbanks, Alaska, newspaper. People in Alaska seem to have the same tastes and troubles that we do down here:

they have cocktail lounges, movies, radios, sports (including dog races), fires and insurance to help cover same, dry cleaners, drugstores, fraternal orders, florists, pet shops, air lines and politics. In the Fairbanks precinct last year 396 babies were born and only 118 persons died. A room at the Mount McKinley Park Hotel can be had for as little as \$3.25 a person. It begins to look as though Alaska were about ready for statehood.



Ye olde swimming hole

THE cement-lined, all-year-round swimming pool, with water heated to healthful temperature and kept chemically pure, is a good thing, and has come to stay. I hope, however, that every American boy will always at some time in his life be exposed, however briefly, to the old-fashioned swimming hole. This venerable American institution usually had mud and sticks on the bottom, and if a boy didn't pick up a few bloodsuckers he wasn't satisfied. The swimming that went on there was not supervised. I cling to the style that I taught myself in a swimming hole, plus some rudiments of the side stroke that I learned out of a book. But I cling to memories, too. Frankie Murphy, who went in swimming in the West Branch (a tributary of the Winooski River, which sends water into Lake Champlain) in March, was one of my first heroes. We all stood around and watched Frankie, who when he came out almost shivered his clothes off as fast as he put them on. By May, or even late April, we were all going in, and by June we were enjoying it. By September we were brown all over, and by October Frankie was again alone in his heroism. Those were good days, and I would like all boys to have a taste of them.

Human nature, 1919-49

I HAVE been going to the theater in the Big City, off and on, for about 30 years. Thirty years ago women used to wear hats that shut off one's view of the stage; people used to step on one's toes twice during each intermission; people used to disarrange one's back hair as they squeezed in behind; people used to talk during the play. People still do all these things. In a way, this pleases me. It shows that there are certain underlying traits in our life that do not change. And often, as in 1919, a woman will take off her hat if one asks her politely.

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Camille should be slender

MY FIRST visit to the opera was also about 30 years ago. Going again, after a long interval, I was delighted to discover that tenors are now a little thinner than they used to be and that the ladies of the cast have been somewhat influenced by Hollywood standards. I have to be careful in making this comment, because I don't wish to offend those who have a nostalgic fondness for the sweet singers of bygone days. I have great respect for the matronly type-so much so that I always hated to see it dying a stage death from the effects of disappointment in love. Camille or Violetta should be slender. If they can achieve this and still make themselves heard in the dizzy top galleries, then we have opera that a man can enjoy.

How time flies!

AN AGED person of my acquaintance remarked the other day, apropos of some other gentleman's bad manners, that that individual must have been brought up in a livery stable. This showed he was out of date. But what would he say if he wanted to be up to date? Not a filling station, for these are as refined as can be. Not a garage, for a garage man doesn't have time to sit around chewing tobacco and telling improper stories. There are other out-of-date expressions, such

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as putting the cart before the horse and big enough to drive a hay wagon through. I recall a woman who used to say that she felt as if she could fly. She meant she felt upset and nervous, but now if she wanted to fly she could. And I suppose some women still let their hair down, as the saying went, but more of them get a permanent or something, which, I believe, can't be let down. Dear me, how time



The bee and its line

AN AUSTRIAN scientist says that a bee can direct another bee to a flower bed as much as two miles away by a sort of "wiggle-waggle" or dance, the number of wiggles or waggles indicating the distance. If this is true—and I believe it—a bee is smarter than anybody I ever encountered when trying to find my way in a strange city. I never found anybody, anywhere, who could direct me accurately more than two blocks. And if the whole truth must be told I have never been able to direct anybody else any better than anybody else could direct me. I think we could all learn a great deal by studying the life of the bee. It may also turn out that the bee could learn a great deal by studying the life of man, but if what a bee wanted was how to locate the public library, the post office or the Grand Central Station I imagine he could do better by asking another

"For curious canines"

PEOPLE who excavate excavations in cities are getting more and more accommodating all the time. Holes in the fences for adults to see through have long been common, and lower holes for children came in just before the war. And the other day we saw one with the sign: "Window for curious canines."

Getting a passport

BY THE time these words are in print I expect to have in my possession a document signed by the Secretary of State, or a reasonable facsimile thereof, requesting all whom it may concern to permit me "safely and freely to pass" and in case of need to give me "all lawful aid and protection." I shall not pass quite "freely" in foreign parts, for I have to pay my fare, and the adjective "lawful" suggests that I had better not commit any crimes while I am abroad. I didn't intend to, anyway.

I shall have, in short, a passport, When I got my last passport I was young and innocent, as the accompanying photograph showed. Now I am older. When I got my last passport I had trouble proving I had been born. Now the fact seems to be accepted without argument. I suppose the Government has been keeping an eye on me all those years and has finally decided that I must have been born.

I value the Secretary's kind words. Yet I do wish there wasn't so much standing in line and so much general bothering and puttering around to get permission to leave the country.



Looking over the menu

I LIKE to go to expensive foreign restaurants, especially if I can manage to be looking the other way when the check is presented; I like pressed duck under glass, with orange slices; I like French pancakes brought flaming into my presence; I like oysters baked in the shell in a dressing handed down from the principal cook in the household of Louis XIV; I like chicken that has had so many things done to it that its own parents wouldn't know it; I like to show off and appear sophisticated.

Yet when I am hungry enough to think of things I would like to eat the words that come to my mind are ham 'n' eggs, Irish stew, griddle cakes with maple syrup, green apple pie, strawberry (or raspberry, if it can be had, but usually it can't) shortcake—things like that. I like bread and milk. I like crackers with a slice of apple in between. I like cold roast beef sandwiches. with mustard. I do believe that it is not what we eat that we like-it is what we associate with it. A man's tastes in food would, if fully explained, be his life story, and a nation's tastes would be that nation's history. Some day I intend to write the history of the United States in terms of apple pie and baked beans.